Investing in Children and Youth, Reconstructing Our Cities

Doing What Works to Reverse
The Betrayal of American Democracy

In Commemoration of the Twenty-Fifth
Anniversary of the National Advisory Commission
On Civil Disorders

The Milton S. Eisenhower Foundation

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TABLE OF CONTENTS

Acknowledgements

1. Executive Summary ii

2. Keeping the Kerner Prophesy Alive and Well 1
   The 1992 Los Angeles Riots: Alice in Wonderland All Over Again
   Progress, Caution and Complexity
   Things Got Worse in the 1980s
   The Prophesy of the Kerner Commission

3. Investing in Children and Youth 23
   Programs for the Youngest At-Risk Children
   Community-Based Programs for Older Children and Teenagers
   Replication is Possible But Not Easy
   Moving Beyond the Kerner Commission

4. Reforming Inner City Schools, Job Training and the "War on Drugs" 90
   Inner City School Innovation
   Reform of Federal Job Training and Placement for High Risk Young People
   Welfare Reform
   Drug Prevention and Treatment--and Health Care Reform

5. Reconstructing Our Cities and Reducing the Investment Gap 155
   "Community Enterprise" via Non-Profit Organizations Funded by the Federal Government
   The Investment Gap, Productivity and High-Risk Youth
   Overall Funding
6. Replacing Fool's Gold with Responsibility

Supply Side Economics -- the Case of Enterprise Zones
Volunteerism
Self-Sufficiency
Partnerships
Empowerment
Political Perspective

7. Financing What Works

Neighborhood-Based Implementation
Local and State Investment
Federal Investment -- and Targeting of Funds
New Levels of Spending
The Debt and Other Competing Priorities
Sources of Funds
The Timing of a Reform Scenario
Political Feasibility
The Economic Argument is Also a Moral Argument

8. Reversing the Betrayal of American Democracy

Encouraging and Following More Effective Executive Branch Leadership
Controlling Lobbyists
Making Congress More Honest and Efficient
Promoting Grass Roots Leadership by Citizens
The Challenges Within and the Dream Deferred

9. Epilogue: Toward A National Policy Debate

Sources and Notes
Bibliography
Index

Ordering Reports from the Milton S. Eisenhower Foundation
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Report of The National Advisory Commission on Civil Disorders

March 1, 1968
The cover of the 1968 report of the Kerner Riot Commission (formally the National Advisory Commission on Civil Disorders) depicted the confrontations between rioting crowds and police in the inner city.
1. **EXECUTIVE SUMMARY**

With the memory of the 1965 Watts riots in Los Angeles still vivid, the summer of 1967 again brought racial disorders to American cities, and with them shock, fear and bewilderment.

The worst came during a two-week period in July, first in Newark and then in Detroit. Each set off a chain reaction in neighboring communities.

On July 28, 1967, President Johnson established the National Advisory Commission on Civil Disorders -- which came to be known as the Kerner Commission, after its Chairman, Governor Otto Kerner of Illinois.

Led by Washington, D.C. lawyer David Ginsburg, the staff recommended a policy based on three principles, which the Commission accepted in its final report to the President on March 1, 1968:

- To mount programs on a scale equal to the dimension of the problems;
- To aim these programs for high impact in the immediate future in order to close the gap between promise and performance;
- To undertake new initiatives that can change the system of failure and frustration that now dominates the ghetto and weakens our society.

The now classic conclusion of the Commission was that, "Our Nation is moving toward two societies, one black, one white--separate and unequal."

One of the witnesses invited to appear before the Commission was Dr. Kenneth B. Clark. Referring to the reports of earlier riot commissions, he said:

I read that report...of the 1919 riot in Chicago, and it is as if I were reading the report of the investigating committee on the Harlem riot of '35, the report of the investigating committee on the Harlem riot of '43, the report of the McConne Commission on the Watts riot.
I must again in candor say to you members of this Commission--it is a kind of Alice in Wonderland--with the same moving picture reshowed over and over again, the same analysis, the same recommendations, and the same inaction.

The 1992 Los Angeles Riots and the Federal Response

It is the twenty-fifth anniversary of the Kerner Report. We can reflect, again, on the same moving picture--now the April, 1992 riots in south central Los Angeles after the verdicts in the trial of the police officers accused of beating motorist Rodney King.

After the Los Angeles rioting, Congress enacted and the President signed a $1.3B aid package that included small business loans for Los Angeles and a $500M program to create summer jobs for youth nationwide.

This was accompanied by talk in Congress and the White House of a longer run plan. Central to the plan were urban enterprise zones and "weed and seed" initiatives. The enterprise zones were to provide tax breaks and regulatory relief to businesses and corporations if they located in blighted areas, like south central Los Angeles. "Weed and seed" programs were to use tough law enforcement to get dealers and drugs out of targeted neighborhoods and then to provide educational and employment opportunities plus related services to the people in those places.

Congress passed this so called long run package in October, 1992. The day after the 1992 election, the President vetoed the bill. So ended the federal response to the riot, at least for the 102nd Congress.

The contents of the vetoed bill and the motivations of Congress and the White House over the spring, summer and fall of 1992 raised grave doubts about whether the gridlocked American federal political process would or could ever enact informed solutions to the problems of the inner cities and the persons who live in them.

Enterprise Zones and Weed and Seed

The long term bill reflected an emerging consensus within both parties in Congress that enterprise zones were key to reform. This view was more than shared by the White House. It was the Secretary of Housing and Urban Development (HUD), after all, who had originally and tenaciously pressed for the zones from the beginning of the Administration. Yet almost all
evaluations of the many enterprise zones that have been tried to date at the state and local levels showed them to fail, especially in employing sufficient numbers of high risk young people in the devastated areas -- like members of the Crips and Bloods, the south central Los Angeles gangs. The evaluations were done by such respected institutions as the U.S. General Accounting Office and the Urban Institute in Washington, D.C. Their conclusions were echoed in warnings by such conservative and business-oriented publications as the *Economist* and *Business Week* that enterprise zones, alone, and in the form proposed in 1992, were not the answer.

There appeared to be little recognition by Congressional Democrats, Congressional Republicans and the White House that, based on existing evidence of what works in the inner city, enterprise zones could only become one part, eventually, of a long run solution.

Members of Congress in both parties and the Executive Branch for the most part appeared to take little note of the fact that "weed and seed" was mostly "weed." The initiative was heavy on law enforcement -- something that, indeed, appeared necessary to help stabilize neighborhoods for economic development. But the "seed" part of the initiative was barren. There were almost no new funds. Just reallocations from existing programs. The "seed" plan was never thought out, and never came close to integrating all the "multiple solutions" that inner city evaluations since the Kerner Commission had indicated were necessary.

**The Byzantine Ways of Congress**

Because the Congress and the White House saw enterprise zones as the legislative centerpiece, and because such zones involve tax breaks to businesses, the urban legislation became incorporated into a much larger package of tax changes. The tax bill cost $27B over five years, only $7B of which was targeted on cities. The bill also repealed the luxury tax on furs and yachts, granted corporations automatic tax writeoffs for purchases of intangible assets like lists of potential customers, subsidized retirement savings for high-income families, and provided many other benefits for the advantaged.

To people outside the Washington, D.C. Beltway, this might have appeared as just another example of the outmoded procedures and rules of Congress. Not only were most of the tax breaks included in the package irrelevant to the inner city, but they deprived the federal government of revenues to fund devastated neighborhoods.

By choosing enterprise zones as the key solution, Congress needed to process the legislation primarily through committees that dealt with taxation, revenues and finance. Because entrenched Congressional rules say little about keeping focused -- here on the inner city -- it was easy for all of the other provisions, irrelevant to the city, to be added. This meant that the many contributors to the package had many motivations other than what to do in the wake of the Los Angeles riots. For example, one Congressional player wanted to help shipbuilder constituents. Another was concerned about wealthy constituents who were saving for retirement.
There appeared to be little reflection in Congress that, based on inner city programs that already had seemed to work best -- like, as we shall see, Head Start, Job Corps and non-profit community development corporations -- other committees should have had the lead much more -- especially those committees with expertise in human resources, education, employment and economic development.

**No New Taxes?**

Why did the President veto the bill? Because enterprise zones were an unworthy centerpiece? No, the President was enthusiastic about them. Because of the deficiencies of "weed and seed?" No, the President said the opposite -- the bill fell short on his weed and seed proposals. Because the bill failed to include programs that had worked? No -- the veto message said nothing about that.

Rather, the President vetoed the bill primarily because it included some tax increases. 'The President never again wanted to violate his pledge of "no new taxes."' In the election campaign, he defined an extraordinary range of revenue measures as "tax increases," and some of those measures were in the $27B tax bill. The bill therefore was not politically viable, given the way the President had backed himself into a corner with his definitions. This was so even though the bill included tax decreases that offset tax increases. Critics also claimed that the President followed a double standard, because he *did* sign an energy bill with tax increases in it.

So the President vetoed the wrong bill for the wrong reasons, leaving the people of south central Los Angeles and other inner cities with nothing more than the original $1.3B emergency aid -- which was called a "quick fix" by advocates for the cities and the poor.

**Alice in Wonderland All Over Again**

It all was Dr. Clark’s Alice in Wonderland written large, Yogi Berra’s "deja vu all over again." Congress and the White House misunderstood the problem. They then constructed a solution that flew in the face of what really did work. The status quo gridlock was guaranteed even more because Byzantine Congressional procedures packaged the misperceived solution as part of a plan of tax changes, some of which heightened the President’s political fear of tax increases. The question was not seriously raised of whether or not, from a substantive and economic point of view, tax increases on the rich might logically have been part of the financing, after years of favored federal government treatment of the well off and the deepening crisis of the inner city.
Keeping the Kerner Prophesy Alive and Well

Over the last twelve years, the pursuit of folly became the conventional wisdom. As a result of trickle down economics, the rich got richer and the poor got poorer. During the 1980s, children living in poverty nationwide increased twenty-two percent and average hourly wages fell by more than nine percent. In the shadow of some of the most sophisticated medical centers anywhere, infants in Washington and Detroit had higher rates of mortality than in Cuba and Bulgaria. The number of prison cells doubled while housing for the poor was cut by eighty percent. One of four African American males was in prison, on probation or on parole at any one time. The ratio was one to three in California, which usually leads the rest of the nation. Yet violent crime increased by thirty-five percent. America had the highest rates of incarceration in the industrialized world -- but also the highest rates of violent crime. The "war on drugs" became a domestic Vietnam. The English spoken by inner city African Americans became more and more different from the English spoken by whites.

Overall, in spite of some gains since the 1960s but especially because of the federal disinvestments of the 1980s, we conclude that the famous prophesy of the Kerner Commission, of two societies, one black, one white -- separate and unequal -- is more relevant today than in 1968, and more complex, with the emergence of multiracial disparities and growing income segregation.

The Goal of This Report

The goal of this twenty-fifth anniversary report is to suggest a policy that works. It is not our intention to provide detailed comparisons between recommendations in the voluminous Kerner report and policy today. Instead, we will concentrate on new policy for the rest of the twentieth century that is in keeping with the principles of the Kerner Commission and the spirit of the new Administration in Washington. Our focus is on the hard core poor in the cities, the roughly ten percent of the population who live in urban areas of concentrated long-term poverty, and whose violence and suffering has a disproportionate effect on American life, class tension and race tension.

We Know of Much That Works

Those with vision need not despair about the experiment in democracy that Alexis de Tocqueville described so eloquently in Democracy in America in 1835. The fact is that we already know quite a bit about which investments work in the American inner city. They are cheaper and more productive, economically and in terms of human capital, than trickle down economics, prison building and drug interdiction.

Based on scientific evaluations over the last two decades, the policies that work can be summarized as investing in people -- especially children and youth -- and using those investments as much as possible for reconstructing our cities, as part of what now have become new national economic priorities.
Investing in Children

Head Start is not perfect. But it has been evaluated as perhaps the most cost-effective, across-the-board inner-city prevention strategy ever developed. Yet, today, whereas more than fifty percent of the nation’s higher income families ($35,000 and above) enroll their three-year-olds in preschool, the enrollment rate is only seventeen percent for lower income families. It is noteworthy, if frustrating, that the Kerner Commission called for “building on the successes of Head Start” more than twenty-five years ago. It is time to extend Head Start to all eligible children, even though it is clear from programs like Project Beethoven in Chicago public housing that preschool needs to be complemented by multiple youth, employment, economic and community policing innovations in the most deteriorated neighborhoods.

Investing in Youth

Over the last twenty years, despite pessimistic rhetoric that "nothing works," and in the face of twelve years of federal government disinvestment, many community-based, non-profit ventures have shown encouraging successes in tackling the problems of violence and drug abuse among urban youth. Illustrations include the Argus Community in the Bronx, Centro Sister Isolina Ferre in Puerto Rico, Delancey Street in San Francisco and Project Redirection nationwide. Many of them have been judged successful in careful scientific evaluations. Most have "bubbled up" from the grassroots, thus providing "ownership" for the disadvantaged. Often, they have evolved because the more traditional service delivery mechanisms for the youth of the inner city--including the schools--have failed.

When we look at the successes for high risk youth in the inner city that have built up a reasonable amount of scientific evaluation, as well as the initiatives that seem on the right track but need more rigorous evaluation, several lessons seem clear:

- There is value in organizing and implementing non-profit youth organizations at the grassroots level.
- Multiple solutions are needed for multiple problems—the "butterfly effect" applies.
- Solutions need to be flexible and staff need to be caring and tenacious.
- Sound management must be put in place.
- A way must be found to secure at least minimal resources year after year.
The Butterfly Effect

For example, Vaclav Havel, President of the Czech Republic, has written of the "butterfly effect":

It is a belief that everything in the world is so mysteriously and comprehensively interconnected that a slight, seemingly insignificant wave of a butterfly's wing in a single spot on this planet can unleash a typhoon thousands of miles away.

We are not certain about typhoons far away, but, in the inner city, interconnectedness is not at all mysterious in successful programs for children and youth.

Most of the successful programs begin with some form of "sanctuary" (a place to go) off the street. It may be residential, as Delancey, non-residential, as Centro or both, as Argus. Paid and volunteer mentors function as "big brothers" and "big sisters" -- offering both social support and discipline in what amounts to an "extended family."

Often youth who need such social investments are teen parents who receive counseling in parenting skills, as in Project Redirection. In some successes, where feasible, mentoring and counseling also involve the parents of the youth who receive the mentoring.

Not uncommonly, a goal of the mentoring process is to keep youth in high school or to help them receive high school equivalency degrees, sometimes in alternative, community-based organizational settings, as Argus. Here, too, there are many variations among successful programs. They include day care for the infants of teen parents. Remedial education in community-based settings often can be pursued with the help of computer-based programs, like those developed by Robert Taggart with US Basics, which allow a youth to advance an entire school year through two or three months of one-on-one work with a computer. There are vocational incentives to stay in school, like the Hyatt hotel management and food preparation course being run by Youth Guidance, at Roberto Clemente Community Academy in Chicago, which assures a job with Hyatt upon graduation.

Some successful community non-profit programs also link high school education either to job training or to college. When job training is undertaken, social support and discipline continue, frequently in community-based settings, as is the case with Argus, and there is a link between job training and job placement. The training-placement link is crucial because the present American national job training program for high risk youth -- the Job Training Partnership Act -- does not adequately place such youth in jobs. In successful programs, sometimes job placement is in the immediate neighborhood of a sponsoring community-based
organization -- as in initiatives which train young workers to rehabilitate houses, like YouthBuild. This can help in the social and economic development of the neighborhood.

There are some promising ventures where this combination of youth, social and economic development is assisted by community-based and problem-oriented policing, as is the case with the Centro San Juan residential police mini-station and the residential police mini-station being planned by Argus. Such community policing does not usually reduce crime in inner-city neighborhoods, based on careful evaluations -- but it can reduce fear. The fear reduction can help encourage businesses and the public sector to stay or build in the inner city. If this economic development is planned correctly, it can provide jobs for high-risk youth. The youth can qualify for the jobs if they have adequate job training, and if they stay in school. Staying in school is made easier by "big brothers/big sister" mentoring and "extended family sanctuaries off the street." Children can survive long enough to get into these sanctuary initiatives if they have Head Start.

What works, then, for youth at risk of getting into trouble seems to embrace a "multiple-solutions" formula including: sanctuary, extended family, mentoring, positive peer pressure, social support, discipline, educational innovation that motivates a youth to obtain a high school degree, job training (which continues social support) linked to job placement, feasible options for continuing on to college, employment linked to economic development, and problem-oriented policing, which is supportive of the process for youth social, community and economic development.

Not all youth successes have all of these components, but multiple solutions always are evident in the formula.

Similarly, the program successes tend to have multiple good outcomes. Not uncommonly, in successfully evaluated programs, these outcomes include some combination of less crime, less gang-related behavior, less drug abuse, less welfare dependency, fewer adolescent pregnancies, more school completion, more successful school-to-work transitions and more employability among targeted high-risk youths. The communities where young people live can experience business, housing job and economic development.

As with the multiple solutions in the program formula, not all model programs and replications achieve all of these good outcomes. But the point is that multiple good outcomes are the rule, not the exception.

Replication is Possible But Not Easy

In a speech before the nation’s governors, President Clinton has talked about "the need to make exceptions to the rule." In the private sector, he said, exceptions do become the rule
quickly, if they are successful. Everyone else in the market needs to adapt or be driven out. But, in the public sector, he said, it is much more difficult to make exceptions the rule.

These are important insights. It is true that the "social technology" of how to replicate inner-city community-based non-profit programs is rather primitive. However, the difficulties that must be overcome are, in the words of Lisbeth Schorr, "not insurmountable." David Hamburg, President of the Carnegie Corporation, believes that, "we know enough to act and can't afford not to act." And Joy Dryfoos, in Adolescents at Risk concludes:

Enough is known about the lives of disadvantaged high-risk youth to mount an intensive campaign to alter the trajectories of these children. Enough has been documented about the inability of fragmented programs to produce the necessary changes to proceed toward more comprehensive and holistic approaches.

In many important ways, then, we need to stop thinking in terms of experiments and demonstration programs alone. We need to start implementing and replicating what already works.

It is time for a new, dynamic, creative implementing agency. We propose a national non-profit Corporation for Youth Investment, funded by the federal government and the private sector. The Corporation needs to replicate the shared components that seem to underlie success of community-based, non-profit development programs for high risk youth at a sufficient scale to begin to create a national impact.

National Education Policy for the Inner City

Unlike Japan and many European nations, the U.S. makes its decisions about education locally, without mandates from a government ministry. The U.S. Department of Education does not build schools, hire teachers, write textbooks, dictate curricula, administer exams or manage colleges and universities.

But the federal Department of Education's mission is to expand educational opportunity, set standards, innovate new ideas which, if successful, can be replicated locally, undertake careful evaluations and disseminate information.

We recommend that the Department of Education implement the recently proposed reforms of the Elementary and Secondary Education Act of 1965, carry out the National Urban Schools Program proposed by the Carnegie Foundation and the middle school reform proposed by the Carnegie Council, replicate the School Development Plan of Yale Professor, James Comer, replicate the Eugene Lang "I Have A Dream" Program and the Cities in Schools Program if comprehensive evaluations show their worth, experiment with still unproven
vocational and apprenticeship training, replicate already successful vocational and apprenticeship training (like Project Prepare in Chicago), push for more school integration based on plans that have worked (like the one in St. Louis), and begin a demonstration that allows inner-city students to pay off college loans through community service. Department of Education monies should be leveraged at the rate of one new federal dollar for each eight state and local dollars, as recommended by the Carnegie Foundation for the Advancement of Teaching.

Job Training and Placement

We need a new federal job training and placement system focused on high-risk youth that builds on Job Corps, JobStart, YouthBuild, Comprehensive Competencies, and appropriate American variations on German vocational training. As part of the policy, the minimum wage should be fully restored to its 1981 purchasing power.

Next to Head Start, the Job Corps appears to be the second most successful, across-the-board American prevention program ever created for high-risk kids. Job Corps is an intensive program with multiple solutions over one year that takes seriously the need to provide a supportive, structured environment for the youth it seeks to assist. Job Corps features classroom courses, which can lead to high school equivalency degrees, counseling and hands-on job training for very high-risk youths. Hence, as in individual community-based non-profit programs, like Argus, Job Corps carefully links education, training, placement and support services.

As with Head Start, Job Corps surely is not perfect, but its results have been consistently positive and its performance highly cost-effective. A 1991 analysis by the Congressional Budget Office calculated that for each $10,000 invested in the average participant in the mid-1980s, society received roughly $15,000 in returns -- including about $8,000 in "increased output of participants" and another $6,000 in the "reductions in the cost of crime-related activities."

Evaluations conducted during the Reagan Administration (which year after year tried to eliminate Job Corps) found that seventy-five percent of Job Corps enrollees move on to a job or to full-time study. Graduates retain jobs longer and earn about fifteen percent more than if they had not participated in the program. Along the same lines, a U.S. General Accounting Office study concluded that Job Corps members are far more likely to receive a high school diploma or equivalency degree than comparison group members and that the positive impact on their earnings continues after training.

In comparison to Job Corps, the present major federal job training system, the Job Training Partnership Act (JTPA) begun in the early 1980s, has failed high-risk youth and needs to be scrapped, not just modestly reformed. Evaluations have shown that, while the results were marginally positive for disadvantaged adults, high-risk youth in the JTPA program actually did worse than comparable youth not in the program. For example, young men under age twenty-
two who participated in the program had earnings $854 lower than their comparison group, with significantly greater deficits for those who took on-the-job training.

Part of the JTPA reform should be based on *Thinking for a Living*, the new book by Ray Marshall, Secretary of Labor in the late 1970s, and Marc Tucker, head of the National Center on Education and the Economy. They call for a national employment and training board. It would be composed of government officials and business, labor, and education leaders. The goal is to coordinate and streamline present job training programs. However, we believe that at least one-third of the members of the national board and of local boards should be representatives of community-based non-profit organizations. The local boards should replace Private Industry Councils (PICs) as the grassroots public-private implementing agencies.

The comprehensive new federal program needed should return job training and placement to pre-1980 levels. The entire focus should be on the truly disadvantaged. Training and placement should be through private, non-profit community development corporations, for the most part. Public works employment, public service employment and expansion of Job Corps by at least fifty new centers should be part of the plan.

**Welfare Reform**

Real welfare reform will not be easy, considering all the many previous unsuccessful legislative attempts. Accordingly, we recommend a process whereby the reform in Head Start, education in the inner city, job training and placement and housing recommended in the report takes the lead. When these programs are reorganized to be more cost effective, including a more community-oriented approach to service delivery and implementation, and when existing levels of funding are supplemented by the funding increases proposed here, then welfare reform can proceed more quickly.

Because we must wait and see how the other reforms proceed, we do not speculate in this report on the additional costs of welfare reform. Without the other multiple solution reforms, we do not believe that efforts to reduce welfare rolls will be successful. Instead, the result would only be increased stress and deprivation for low income women--and their children.

The same Congressional committees to which most welfare reform proposals would be referred are the ones that must deal with health care reform, expansion of Head Start, reform of job training and placement and economic recovery. It is best to take first things first, and to then reform welfare when both Congress and the Administration are able to give it the attention it deserves.
Drug Prevention and Treatment

We should reverse the current federal spending formula—in which seventy percent of our $12B-plus annual anti-drug budget is spent on law enforcement and "interdiction," and just thirty percent on prevention and treatment.

The expansion of Head Start, creation of a Corporation for Youth Investment and replacement of JTPA with a new comprehensive Job Corps/JobStart/YouthBuild-type federal job training and placement program forms perhaps the most effective drug prevention strategy for the inner city. These multiple solutions tend to simultaneously produce multiple good outcomes, including reduction in the use of drugs. The demand-side drug initiatives that have been evaluated as successful view social ills as interwoven, requiring a more comprehensive solution than has been attempted over the last twelve years.

Something close to a consensus has emerged that significantly more funding is required to close the gap between treatment need and availability among the disadvantaged. Without it, hard drugs will continue to ravage families and communities in the inner city; drug-related violence will continue at levels that place many neighborhoods in a state of siege. Unless we begin to reverse that situation, it will undermine all of our other efforts to develop the inner city economically and socially.

We need not only more treatment, however, but also better treatment. Too often, conventional drug treatment is little more than a revolving door, through which addicts return to essentially unchanged communities with few new skills for legitimate life—and predictably return again. Many addicts, too, are alienated by most existing treatment models and do their best to avoid them.

To overcome these limitations, expanded drug abuse treatment, intensive outreach and aftercare need to be linked closely with youth enterprise development, family supports, intensive remedial education and other services. As a high official at the National Institute of Drug Abuse has observed, "For many addicts, it's not rehabilitation; it's habilitation. They don't know how to read or look for work, let alone beat their addictions."

If we do not address these issues in addicts' lives, we insure that much drug treatment will remain both ineffective and expensive.

Health Care Reform

From the perspective of the minority poor in the inner city, the goals of associated health care reform should be to supply Medicaid to all those eligible; provide solid coverage for the working poor; produce health quality-of-life outcomes (like infant mortality rates) on a par with
Japan, Western Europe and Canada; and link improved physical and mental health to improved education and job opportunity.

As with welfare, we do not speculate here on the costs of health care reform for the truly disadvantaged. More time is needed for debate.

However, from a Kerner perspective, the right question is not, we believe, "How can we design a health care reform strategy that preserves the power of the insurance industry?" Rather, the right question is, "How can we guarantee high-quality coverage for all Americans while holding down costs?"

The answer to the latter question may be to follow the Canadian-style or German-style national health plans -- which are working well in supplying universal insurance coverage, allowing patients to choose their doctors and providing high quality prevention and treatment in ways that are reasonably popular with the public. In addition, the Canadian system, financed by taxation, provides such quality health care for about one fourth the cost per capita as the current American system.

**Better Evaluation is Needed**

In the absence of sound evaluation criteria, national, state and local programs will continue to be supported more because they fit the political fashion of the moment or because they are able to capture media attention than because of their demonstrated effectiveness. In a time of limited resources, we can’t afford that.

Experience has suggested the need for evaluations of inner city non-profit programs to include qualitative, journalistic "process" measures as well as quantitative "impact" outcome measures for up to five years with "test" and "comparison" groups. These should be measures both of change among high risk children and youth and change in the community. This means that we need to "triangulate" measures from multiple imperfect sources and studies of any one program--so that judgments of success are based on accumulated wisdom.

To begin a process of reform, we recommend hard-hitting Congressional hearings and critiques by Office of Management and Budget, the U.S. General Accounting Office and the Office of Technology Assessment to expose the inadequacy of most federal evaluations of community-based, high risk child and youth initiatives, and to devise strategies to reverse the politicalization of evaluations, which has occurred especially during the last twelve years. Non-profit organizations in the private sector must advocate tenaciously until this is done.
Linking Investment in Children and Youth with Investment in Housing and Infrastructure

America needs a conscious federal policy to link investment in children and youth with urban repair and economic revitalization. Again, we have many examples of what already works, based on years of experience. We need to expand them to scale, so that there is significant change across the entire nation in the lives of the disadvantaged, the physical structure of the neighborhood where they live and the national economy which impacts on the poor and their communities.

The first priority for a new policy should be a federal program in which HUD funds national, private non-profit sector intermediaries like the Local Initiatives Support Corporation (LISC) and the Enterprise Foundation. In turn, these intermediaries should fund local, private non-profit community development corporations. The private sector non-profit intermediaries must retain their efficient and successful rehabilitation of housing, without being burdened by the infamous red tape of HUD. The federal government will need to provide oversight, of course, because the monies are from the public sector. Yet HUD bureaucrats should not meddle in what has become a small miracle over the last decade in revitalizing urban neighborhoods.

Moving Beyond the Kerner Commission

LISC, the Enterprise Foundation and our proposed Corporation for Youth Investment move considerably beyond the vision of the Kerner Commission. In passing, the Commission referred to "the great potential in private community development corporations...." But the Commission was not particularly prescient in forecasting the roles of national non-profit intermediaries which work directly with local non-profits.

Non-Profit/For-Profit Integration

We need to create a variety of options for how non-profit and for-profit activity can be interrelated. For example, although we believe that a priority for housing rehabilitation should be on non-profit community development corporations, we recommend that HUD also build on the model of the TELESIS Corporation, which is a for-profit economic development organization with great cost-effectiveness but also social development wisdom.
A National Community Development Bank

We recommend that, directly and through national private sector intermediaries, a network of community development banks be capitalized. The banks should be owned by inner city community partners and should reinforce the creation of local for-profit/non-profit linkages.

We believe that the model for this initiative should be the South Shore Bank in Chicago. Over the last twenty years, South Shore has proven that a determined lender can reverse the process of urban decay and simultaneously make a profit.

The capitalization of community development banks should be linked to tougher enforcement by HUD of the Community Reinvestment Act of 1977, which requires banks to invest in their communities.

We believe that a traditional federal agency might impose too much bureaucracy on a new community development banking system. A new institution probably is needed -- a National Community Development Bank. One partial model is the National Cooperative Bank (though without the power struggles that revolved around its creation).

Public Housing and Tenant Management

Public housing should not be scrapped. There are many horror stories. However, when public housing is well managed, as it is by the New York City Housing Authority, for example, it should remain as one of several options for housing the poor. The key to making public housing work better is resident management of public housing properties. Where tenants are well organized and exercise real power, conditions improve, based on demonstration programs to date. Tenant managed developments appear to save money in the long run because tenants have a greater stake in their homes and therefore are less tolerant of destructive and costly behavior.

However, over the 1980s while there was much talk about tenant management and "empowerment," there was little action. A few exemplary programs were touted, but these experiments had little national impact. Accordingly, the Administration and Congress should provide adequate funds delivered by HUD to public housing authorities and then to tenants, so that tenants can be properly trained in managing their own housing projects. This can be a first step to tenant-owned developments.

Innovative Policing as Community Development

Innovative policing can play an important supportive role to economic and social development in low income neighborhoods, whether they be public housing communities or other locales. We emphasize the word supportive. In a departure from traditional policy, we view
innovative policing not as a criminal justice end but as a means to secure the community for economic development.

Innovations include problem-oriented policing, community-based policing, police mini-
stations that become neighborhood security anchors to facilitate economic and youth
development, police mentoring of high risk youth and more sensitive training of police.

These are all activities in which the 100,000 more community police officers called for
in the last Presidential campaign can be employed. We urge the implementation of this
recommendation -- but it only will have an impact if the new police work in innovative problem-
oriented and community-based policing. As the experience in Washington, D.C. -- with the
highest police-to-citizen ratios and homicide rates in the nation -- shows, more police per se will
not change a thing. As many high-risk youth from inner-city neighborhoods as possible should
be trained for such police employment.

Handgun Control and Congressional Inaction

Such improvement in public safety, reduction in fear and enhancement of neighborhood
stability can be further accelerated by strong legislation to control handguns, as advocated by
the police, who have lobbied through their national organizations for a decade against the
National Rifle Association (NRA). More teenage inner city males die from gunshots than from
all natural causes combined. Yet, this malignancy of handguns in urban America, which
contributes greatly to inner-city neighborhood breakdown, is likely to continue unabated.

We believe that the litany of unpopular issues which the NRA has come to defend -- like
"cop killer" bullets, plastic "terrorist special" handguns and assault weapons -- make the NRA
increasingly out of touch with American opinion polls and the police.

As with tobacco, we believe that firearms should be considered a broad based public
health problem. It should be attacked as such by, among many other officials, the Surgeon
General of the U.S. -- just as former Surgeon General Everett Koop launched the successful
attack against smoking in the eighties. The new public health campaign must focus on the
widespread and virtually unregulated distribution of a hazardous consumer product -- which must
therefore be taken off the market. Handguns and other firearms enjoy a unique role in the
American consumer marketplace. Almost all products sold in America come under the
regulatory power of a specific federal agency -- to assure safety to Americans. Guns are one
of the notable exceptions.

It is past time for a strong, coordinated federal gun control policy. We support passage
of the Brady bill requiring a five-day waiting period between purchase and delivery of a
handgun, and also support the recent Torricelli bill proposing a federal "one gun a month" limit
on gun purchases. But we also believe more is needed. We need to build on the tough policy
proposed by Josh Sugerman in his new book, *NRA: Money-Firepower-Fear*, as we move beyond the twenty-fifth anniversaries of the firearms assassinations of Reverend Martin Luther King and Senator Robert F. Kennedy.

**Reducing the Investment Gap and Employing Youth in Infrastructure Repair**

Reducing the investment gap that exists between the United States and its major competitors has become perhaps one of the defining metaphors of the 1990s.

Above and beyond targeted economic development and housing policy that employs high-risk youth in the inner city, we must incorporate the employment of high-risk young people into the process that reduces the investment gap and increases productivity.

Estimates of the infrastructure bill vary from the $30B to $40B that will be needed simply to refurbish the most deteriorating bridges and roads to the $500B investment during over the next decade proposed by New York City investment banker Felix Rohatyn.

We endorse public sector jobs for both public works and public service. We believe that the jobs can be administered both through public agencies and through non-profit community development corporations. Whatever the level of expenditure on public works -- and, we hope, also on public service -- the goal should be to employ a substantial number of high-risk youth.

**Employing Youth in High Technology**

High risk inner city youth and persons who are getting off of welfare must not be left out of the employment that is generated by military conversion to high technologies in domestic sectors to close the investment gap. There already are partial models for how this can work. If high-risk young people are channeled into university education through "I Have A Dream" and related programs, their chances of employment in high tech industries are improved. But even if their education ends with a high school equivalency degree, we need a national policy that plans on their job involvement in high tech operations and the industries that serve them. For example, in France, in the city of Lille, there is a training center for computer maintenance by high-risk and disproportionately minority-foreign-born youths who have no previous work experience. The program is based on a contract with a corporation that deals in computer maintenance and computer networking services.
Replacing Fool's Gold with Responsibility

The contemporary dialogue on the legacy of the Kerner Commission is being framed with words like children, investment, replication, reinvention, bonding, leadership, responsibility and sacrifice.

These words need to replace many of the words used over the 1980s and early 1990s. The latter were sold as fool's gold, in our view, to try to distract the public from the federal government's decision to disinvest and to allow economic conditions to deteriorate for the middle class and the poor. In particular, fool's gold was sold in the form of supply side economics, enterprise zones, volunteerism, self-sufficiency, partnerships and empowerment.

These latter terms do have their place. Enterprise zones could contribute, eventually, to well-resourced multiple solutions. Most successful initiatives need and use volunteers; Head Start is a good example. We need to replicate the principles of ventures like Delancey Street which are financially independent. Linking remedial education, training and placement, as in Job Corps, is a partnership we need. Sufficient investments will give to disadvantaged more power. The concepts only become fool's gold when they are pro-offered as panaceas. That is what happened over the 1980s.

Levels of Investment to Fulfill the Kerner Commission

The Kerner Commission asked the nation "to mount programs on a scale equal to the dimension of the problem." For the initiatives in this report, our estimate is that mounting to scale means $15B more in annual appropriations for each of ten years to implement the recommendations for investing in children and youth. This covers funding Head Start preschool at levels that come close to three years for all eligible three, four and five year olds (and some two year olds), creating the national Corporation for Youth Investment, overhauling job training and placement and starting to bring expenditures back to pre-1980 levels, refocusing anti-drug initiatives to prevention and treatment, and implementing promising inner city school reforms - including refinement of the Elementary and Secondary Act of 1965, implementation of the recommendations form the several Carnegie reports, replication of the Comer plan, replication of programs like "I Have A Dream" if evaluations show them to be successful, and continued innovation in vocational and apprenticeship programs like Project Prepare and Project ProTech. The prime federal funding agencies for these ventures are Labor, HHS, Education and Justice.

The interrelated need is for $15B more per year in annual budget appropriations for each of ten years, at a minimum, to implement the recommendations for reconstructing the inner cities and for closing the investment and productivity gaps. The bulk of this funding is for employing the poor, welfare recipients and high-risk youth in the urban reconstruction. The work will expand housing and rehabilitation delivered by non-profits as well as by those for-profits, like TELESIS, which can integrate multiple solution youth development into economic
development. Our budget here also covers repair of the urban infrastructure that employs inner city residents, creation of community development banks in the inner city owned by people who live there, expansion of tenant management in public housing, employment of those new community and problem-oriented police who live in the inner city neighborhoods where they patrol, and pursuit of those high tech investments linked to military conversion that generate jobs for high-risk youth and welfare populations in the inner city. The prime federal agencies are Labor, HUD, Transportation, Commerce, Justice -- and a new, independent National Development Bank.

It is *this* level of investment -- a minimum total of $150B in appropriations for children and youth and a minimum total of $150B in appropriations for coordinated housing, infrastructure and high tech investment -- over a decade at least, and not the $1.2B, one year response by the federal government after the 1992 Los Angeles riot, that begins to address the Kerner Commission's "scale equal to the dimension of the problem."

**Sources of Investment Funding**

As structural reforms at existing expenditure levels are enacted to improve the present federal job training and job placement program and the present low income housing delivery system, we also can begin to secure new funds -- first by eliminating or retargeting other existing programs. For example we can save nearly $5B per year by increasing demand side drug prevention and treatment to seventy percent of the anti-drug budget, reducing prison spending and eliminating ineffective programs, like "weed and seed." We also can redirect at least $500M in HHS, Labor, HUD and Justice discretionary and demonstration monies into replicating what already works.

However, most of the increased funding should be based on reductions in the military budget, reductions in the budget of the Agency for International Development, and taxes on the very rich. We support, as well, higher taxes on tobacco and alcohol -- and a gasoline tax as long as lower income groups receive tax credits, so they do not end up paying.

**The Timing of a Reform Scenario**

What kind of scenario for financing investments in children, youth and the inner city makes sense, given many competing budgetary demands and the priority on the economy and deficit?

Over the 1990s, debt reduction will be a priority, but we also envision public works spending as an economic stimulus, and this may be where some of the reform proposed here can begin. We need to insure that significant numbers of high risk youth are placed in such
employment and that community-based non-profit organizations implement as much as possible. We anticipate some progress toward these goals during the first two years of our scenario.

It also should be attractive politically to move fairly swiftly on reform of Chapter 1 of the Elementary and Secondary Education Act, reform of the Job Training Partnership Act, and the delivery of housing and economic development via nonprofit organizations and creative for-profit organizations. This will be especially true if such reform initially can be negotiated without increased federal spending. At the same time, we anticipate at least some progress on shifting drug spending from thirty percent demand side to seventy percent demand side, on discontinuing unsuccessful domestic programs, and on shifting some federal domestic discretionary money from demonstrations and experiments into replicating what already has been demonstrated to work. The net result could be as much as $5B in funds freed up— to begin expansion of Head Start to all eligible children, expansion of Comer-type inner city school reform, expansion of reformed job training and placement, creation of a Corporation for Youth Investment and expansion of drug prevention and treatment. It is within the realm of political feasibility in our view to achieve many of these goals by the end of the third year of the scenario.

Over the first four years, we anticipate significantly reduced military spending, increased taxes on the rich and an increase in gasoline taxes. This is likely to be used to reduce the debt and to finance infrastructure investment and conversion to high tech industries. But we recommend at least some of these revenues also be used to help expand Head Start and reform job training and placement. Our scenario then envisions increased funding for the package advocated here, so that by the fifth and sixth years of reform, the full $15B per year in new investment in children and youth and the full $15B per year in new investment in inner city reconstruction can be sustained while deficit reduction can proceed and a strong military still can be demonstrated.

Once we are up to $15B per year in new appropriations for child and youth investment and $15B per year in new appropriations for housing, community development, community banking, infrastructure development and high tech development that employs, high risk youth and other truly disadvantaged, along with supportive services like community policing, that level of investment should be sustained for at least ten years.

This means that there will be an incremental process through which we work toward the $15B per year child and youth investment and $15B per year in inner city investment levels. Such a process is necessary because it is unreasonable economically and politically to expect all the new funds at once. It also is desirable because incremental increases allow for better managed growth and more orderly administrative expansion of capacity in the public and private (especially non-profit) sectors.

Hence, implementation of the scenario may take in the neighborhood of fifteen to sixteen years -- almost a full inner city generation -- depending on how quickly we reach the proposed levels of new investment, which then are sustained.

xxi
Political Feasibility

Public opinion suggests that our plan is politically feasible. For example, in 1992, right after the Los Angeles riots, the New York Times and CBS asked, in a nationwide poll: "Are we spending too much money, too little money or about the right amount of money on problems of the big cities, on improving the conditions of Blacks, and on the poor?" Sixty percent of the respondents said that too little was being spent on problems of the big cities, sixty-one percent said too little was being spent on improving the condition of African-Americans and sixty-four percent said too little was being spent on problems of the poor. The pollers also asked, "To reduce racial tension and prevent riots, would more jobs and job training help a lot, help a little or make not much difference?" Seventy-eight percent of the respondents said that more jobs and job training would help a lot.

Leadership

America found the money to fight the Persian Gulf War, and it found the hundreds of billions of dollars needed to bail out the failed, deregulated savings and loan industry. America can find the money for a true strategy of child investment, youth investment and community reconstruction if there is the right leadership at the very top. We now have that leadership.

Beyond finding the money over the long run for successful and promising programs, we ask that the White House reinvent and reorganize the present cost-ineffective bureaucracy of federal government initiatives for children, youth and the inner city. Only comprehensive, holistic, multiple solutions work. But federal legislation and bureaucracy is categorical, fragmented, narrow, inflexible--and doesn't allow for local, neighborhood-based "one stop shopping" for coordinated services, as is more common, for example, in France. We call for a White House summit, and a follow-up implementing task force, firmly led and controlled by the White House, on Replicating What Works.

Reversing the Betrayal of American Democracy

If we are to reverse the betrayal of the American democracy, we need even more than wise national leaders. In the words of William Greider, in *Who Will Tell the People*, "Rehabilitating democracy will require citizens to devote themselves first to challenging the status quo, disrupting the existing contours of power and opening the way to renewal." Common people must engage their surrounding reality and "question the conflict between with what they are told and what they see and experience."
In America, this means old fashioned grassroots political lobbying to gain full funding for preschool modeled after the French experience and job training modeled in part after the German experience. It means massive voter registration of the poor, following some of the lessons of Canada. It means tight controls on special interest group lobbyists in Washington, the people who walk around in thousand dollar suits and alligator shoes. It means public financing of political campaigns, elimination of contribution loopholes and far shorter campaigns that limit both the use of money and the use of television, as is the case in the United Kingdom.

A great many Americans hold Congress in contempt. Campaign finance reform is not just the best way to control lobbyists. It also is the best way to make Congress more honest. Citizen groups and the Executive Branch cannot allow Congress, and especially the majority leadership of Congress, to postpone the campaign finance reform proposed by Common Cause. In addition, legislators need to be educated on how multiple solutions work best and how legislation is fragmented, uncomprehensive and short term. Congressional appropriation set asides and earmarks should be validated by the Congressional Budget Office and the Office of Technology Assessment on the basis of scientific evaluations proving their success. In part because the majority party, and its leadership, acquiesced to the disinvestment of the 1980s and was responsible for the Alice in Wonderland legislation after the Los Angeles riots, we need uniform federal term limits on Members of Congress.

A Deeper Sense of Responsibility

As John Gardiner has warned, we must be prepared for sacrifice. Over the 1980s and longer, we consumed too much and saved too little. Quick fixes have substituted for public responsibility. The one trillion dollar debt is a tax on our children. Americans now must have the intelligence, willingness, courage and strength needed in face of hard realities. They must, for example, be willing to pay more taxes—even if most of those taxes are on the rich. They must acknowledge the need for long run solutions and have the patience to implement what works over time. They must, to paraphrase Vaclav Havel, rediscover within themselves a deeper sense of responsibility toward the world.

The Dream Deferred

Our most serious challenges to date have been external. Serious external dangers remain, but the graver threats to America today are internal. The greatness and durability of most civilizations has been finally determined by how they have responded to these challenges from within. Ours will be no exception and so, in the concluding words of the Kerner Commission, it is time "to end the destruction and the violence, not only in the streets of the ghetto but in the lives of the people."

xxiii
With leadership both from the top as well as the grassroots, we can face those challenges and end that destruction. We no longer need to defer the American dream to substantial portions of the American population.

"What happens to a dream deferred?" asked the honored African American poet, Langston Hughes:

Does it dry up
Like a raisin in the sun?
Or fester like sore--
and then run?
Does it stink like rotten meat?
Or crust and sugar over
Like a syrupy sweet?
Maybe it just sags
Like a heavy load.
Or does it explode?
At the Challengers Boys & Girls Club in south central Los Angeles, which was founded by Lou Dantzler after the Watts riots of 1965, youngsters learn pro-social behavior during after-school activities guided often by some dedicated volunteer police officers. In spite of destruction of neighboring buildings during the April 1992 riots, Challengers was untouched because of its respect among community residents.

Photo by Nareshimah Osei, 1992.
2. KEEPING THE KERNER PROPHESY ALIVE AND WELL

With the memory of the 1965 Watts riots in Los Angeles still vivid, the summer of 1967 again brought racial disorders to American cities, and with them shock, fear, and bewilderment.

The worst came during a two-week period in July, first in Newark and then in Detroit. Each set off a chain reaction in neighboring communities.

On July 28, 1967, President Johnson established the National Advisory Commission on Civil Disorders -- which came to be known as the Kerner Commission, after its Chairman, Governor Otto Kerner of Illinois.

Led by Washington, DC lawyer David Ginsburg, the staff recommended a policy based on three principles, which the Commission accepted in its final report to the President on March 1, 1968:

- To mount programs on a scale equal to the dimension of the problems;
- To aim these programs for high impact in the immediate future in order to close the gap between promise and performance;
- To undertake new initiatives that can change the system of failure and frustration that now dominates the ghetto and weakens our society.
The now classic conclusion of the Commission was that, "Our Nation is moving toward two societies, one black, one white--separate and unequal."

One of the witnesses invited to appear before the Commission was Dr. Kenneth B. Clark. Referring to the reports of earlier riot commissions, he said:

I read that report...of the 1919 riot in Chicago, and it is as if I were reading the report of the investigating committee on the Harlem riot of '35, the report of the investigating committee on the Harlem riot of '43, the report of the McConie Commission on the Watts riot.

I must again in candor say to you members of this Commission--it is a kind of Alice in Wonderland--with the same moving picture reshown over and over again, the same analysis, the same recommendations, and the same inaction.

The 1992 Los Angeles Riots: Alice in Wonderland All Over Again

It is the twenty-fifth anniversary of the Kerner Report. We can reflect, again, on the same moving picture--now the April, 1992 riots in south central Los Angeles after the verdicts in the trial of the police officers accused of beating motorist Rodney King.
After the Los Angeles rioting, Congress enacted and the President signed a $1.3B aid package that included small business loans for Los Angeles and a $500M program to create summer jobs for youth nationwide.

This was accompanied by talk in Congress and the White House of a longer run plan. Central to the plan were urban enterprise zones and "weed and seed" initiatives. The enterprise zones were to provide tax breaks and regulatory relief to businesses and corporations if they located in blighted areas, like south central Los Angeles. "Weed and seed" programs were to use tough law enforcement to get dealers and drugs out of targeted neighborhoods and then to provide educational and employment opportunities plus related services to the people in those places.

Congress passed this so called long run package in October, 1992. The day after the 1992 election, the President vetoed the bill. So ended the federal response to the riot, at least for the 102nd Congress.

The contents of the vetoed bill and the motivations of Congress and the White House over the spring, summer and fall of 1992 raised grave doubts about whether the gridlocked American federal political process would or could ever enact informed solutions to the problems of the inner cities and the persons who live in them.
The long term bill reflected an emerging consensus within both parties in Congress that enterprise zones were key to reform. This view was more than shared by the White House. It was the Secretary of HUD, after all, who had originally and tenaciously pressed for the zones from the beginning of the Administration. Yet almost all evaluations of the many enterprise zones that have been tried to date at the state and local levels showed them to fail, especially in employing sufficient numbers of high risk young people in the devastated areas -- like members of the Crips and Bloods, the south central Los Angeles gangs. The evaluations were done by such respected institutions as the U.S. General Accounting Office and the Urban Institute in Washington, D.C. Their conclusions were echoed in warnings by such conservative and business oriented publications as the Economist and Business Week that enterprise zones, alone, and in the form proposed in 1992, were not the answer.

There was little recognition by Congressional Democrats, Congressional Republicans and the White House that, based on existing evidence of what works in the inner city, enterprise zones could only become one part, eventually, of a long run solution -- which needed to include preschool, mentoring of middle school kids through the kind of extended family sanctuaries provided by non-profit community groups, remedial and vocational education innovations, reformed job training, infrastructure development and support services in the targeted neighborhood. Without such co-targeted initiatives, experience gave little reason to expect that entrepreneurs, small business people or corporate executives would hire many high-risk inner city young people in what already would be high-risk business ventures.
Members of Congress in both parties and the Executive Branch for the most part appeared to take little note of the fact that "weed and seed" was mostly "weed." The initiative was heavy on law enforcement -- something that, indeed, appeared necessary to help stabilize neighborhoods for economic development. But the "seed" part of the initiative was barren. There were almost no new funds. Just modest reallocations from existing programs. The "seed" plan was never thought out, and never came close to integrating all the "multiple solutions" that inner city evaluations since the Kerner Commission had indicated were necessary.

Because the Congress and the White House saw enterprise zones as the legislative centerpiece, and because such zones involve tax breaks to businesses, the urban legislation became incorporated into a much larger package of tax changes. The tax bill cost $27B over five years, only $7B of which was targeted on cities. The bill also repealed the luxury tax on furs and yachts, granted corporations automatic tax writeoffs for purchases of intangible assets like lists of potential customers, subsidized retirement savings for high-income families, and provided many other benefits for the advantaged.

To people outside the Washington, D.C. Beltway, this might have appeared as just another example of the outmoded procedures and rules of Congress. Not only were most of the tax breaks included in the package irrelevant to the inner city, but they deprived the federal government of revenues to fund devastated neighborhoods.
By choosing enterprise zones as the key solution, Congress needed to process the legislation primarily through committees that dealt with taxation, revenues and finance. Because entrenched Congressional rules say little about keeping focused -- here on the inner city -- it was easy for all of the other provisions, irrelevant to the city, to be added. This meant that the many contributors to the package had many motivations other than what to do in the wake of the Los Angeles riots. For example, one Congressional player wanted to help shipbuilder constituents. Another was concerned about wealthy constituents who were saving for retirement.

There appeared to be little reflection in Congress that, based on inner city programs that already had seemed to work best -- like, as we shall see, Head Start, Job Corps and non-profit community development corporations -- other committees should have had the lead much more -- especially those committees with expertise in human resources, education, employment and economic development.

Why did the President veto the bill? Because enterprise zones were an unworthy centerpiece? No, the President was enthusiastic about them. Because of the deficiencies of "weed and seed"? No, the President said the opposite -- the bill fell short on his weed and seed proposals. Because the bill failed to include programs that had worked? No -- the veto message said nothing about that.

Rather, the President vetoed the bill primarily because it included some tax increases. The President never again wanted to violate his pledge of "no new taxes." In the election
campaign, he defined an extraordinary range of revenue measures as "tax increases," and some of those measures were in the $27B tax bill. The bill therefore was not politically viable, given the way the President had backed himself into a corner with his definitions. This was so even though the bill included tax decreases that offset tax increases. Critics also claimed that the President followed a double standard, because he did sign an energy bill with tax increases in it.

So the President vetoed the wrong bill for the wrong reasons, leaving the people of south central Los Angeles and other inner cities with nothing more than the original $1.3B emergency aid -- which was called a "quick fix" by advocates for the cities and the poor.

It all was Dr. Clark's Alice in Wonderland written large, Yogi Berra's "deja vu all over again." Congress and the White House misunderstood the problem. They then constructed a solution that flew in the face of what really did work. The status quo gridlock was guaranteed even more because Byzantine Congressional procedures packaged the misperceived solution as part of a plan of tax changes, some of which heightened the President's political fear of tax increases. The question was not seriously raised of whether or not, from a substantive and economic point of view, tax increases on the rich might logically have been part of the financing, after years of favored federal government treatment of the well off and the deepening crisis of the inner city.
Progress, Caution and Complexity

Nonetheless, some observers have pointed to progress since the Kerner Commission. Since 1950, the proportion of African American workers with white-collar jobs has risen from ten percent to forty percent. Twenty-five years ago, the high school drop out rate was twenty-seven percent for African Americans and fifteen percent for whites. Today, the proportions are fourteen percent for African Americans and twelve percent for whites.

The Civil Rights Acts of 1964 and 1968, the Voting Rights Act of 1965, and subsequent legislation opened legal access to voting and political representation, housing markets, and participation in private-sector and city government workforces. Although de facto discrimination remains, there has been progress.

One measure of change is the racial composition of police departments, which the Kerner Commission emphasized so heavily in explaining the hostility of inner-city residents. In Detroit, five percent of the police force was minority in 1967; in 1990, fifty-four percent was minority. For Newark, the proportion grew from ten percent to forty-seven percent. Across the nation there has been a rapid increase in the number of minority city police chiefs -- and mayors. In 1940, there was one African American in the U.S. House of Representatives; the 103rd Congress had thirty-nine.
But qualifications and countercurrents abound. For example, it is true that, in households headed by a married couple, median income for African Americans has gone from sixty-eight percent of whites in 1968 to eighty-four percent in 1990. But, reflecting the breakdown of the family in the inner city, for all African American households, the median family income was fifty-nine percent of whites in 1966 and fifty-six percent in 1989. In 1960, twenty percent of all African Americans children were living in fatherless families. Today the figure is an astounding sixty percent. In 1960, the ratio of African American to white unemployment rates for young adults aged 20-24 was 1.6; in 1989 the ratio was 2.3.

It has become a conventional wisdom and a bit of a cliche to say that the African American middle class has increased while at the same time a growing hardcore of the truly disadvantaged has been left behind. But even for the African American middle class, nearly three decades after passage of civil rights laws prohibiting employment discrimination, and in spite of the tremendous role that the public sector has taken as an equal employment employer, the private sector continues inequality. For example, African Americans make up ten percent of the nation’s work force but only four percent of doctors and three percent of lawyers. African American male lawyers aged thirty-five to forty-five earn on average $790 for every $1,000 of their white counterparts. (African American female lawyers in the same age group do better, earning $930 for every $1,000 of their white female counterparts.)

Civil rights leaders say the Rodney King case shows how pervasive and misunderstood racism remains. In his recent book, Two Nations, Black and White Separate, Hostile and
Unequal, Andrew Hacker paints a grim and complicated picture of racial interaction. A sense of white superiority still haunts America, he concludes. The condition is "chronic," "almost like a cancer," or a "European virus," in the view of Professor Hacker:

There remains an unarticulated suspicion might there be something about the black race that suited them for slavery? This is not to say anyone argues that human bondage was justified. Still, the facts that slavery existed for so long and was so taken for granted cannot be erased from American minds.

Senator Bill Bradley of New Jersey, one of the few white Members of Congress who has talked honestly and openly about race relations, adds:

I don’t think politics has dealt honestly with race in 25 years...Republicans have used race in a divisive way to get votes, speaking in code words to targeted audiences. Democrats have essentially ignored self-destructive behavior of parts of the minority population and covered self-destruction behavior in a cloak of silence and self-denial.

Today the tension that exists is not just between two societies. Hispanics are the fastest growing ethnic group in big cities generally, and in some cities, especially on the West Coast, the Asian population also is growing rapidly. In a few central cities, Los Angeles among them, the African-American proportion of the population declined between 1980 and 1990. According to the Urban Institute, these changes have contributed to new social tension, "in which different minority groups collide with one another in economic and political competition."
Things Got Worse in the 1980s

In spite of some qualified progress in some areas, when comparisons are made between the 1960s and 1990s, there also is general agreement that things got worse over the 1980s, in terms of federal policy and the conditions of the disadvantaged.

In the 1980s, for example, taxes were increased on the poor and decreased on the rich (Figure 1), some of whom pursued junk bonds, participated in hostile takeovers and engaged in S&L speculation. By 1992, the bottom income tax rate was fifteen percent and the top rate was thirty-one percent, a spread of just sixteen points; by comparison, in 1968 the bottom rate was fourteen percent and the top rate was seventy-five percent, a spread of sixty-one points. So the income tax became much more regressive. By comparison, Figure 2 shows that tax rates are much more progressive in France, Germany, Italy and Japan (with Canada and Britain more like the U.S.).

As a result of the less equitable American tax policy, there was a ten percent decline in income for the poor in the U.S. between 1977 and 1988, with little change for the middle class and an increase of over one hundred twenty percent in the income of the richest one percent of the American population (Figure 3). As conservative analyst Kevin Phillips concluded in *The Politics of the Rich and Poor*, the rich got richer and the poor got poorer. It was trickle-down economics at work.
Figure 1

CHANGES IN TAX RATES BETWEEN 1980 - 1990 IN THE U.S.

Source: Congressional Budget Office.
### Figure 2

**TAXATION, BY NATION**

**1989**

<table>
<thead>
<tr>
<th>Country</th>
<th>BRITAIN</th>
<th>CANADA</th>
<th>FRANCE</th>
<th>GERMANY</th>
<th>ITALY</th>
<th>JAPAN</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax Ranges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Highest and lowest personal income tax rates.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent</td>
<td>25%</td>
<td>29%</td>
<td>56.8%</td>
<td>56%</td>
<td>50%</td>
<td>50%</td>
<td>28%</td>
</tr>
</tbody>
</table>

| The Total Bite | All taxes, as a percentage of the gross domestic product. | | | | | |
| Percent | 36.5% | 35.3% | 43.8% | 38.1% | 37.8% | 30.6% | 30.1% |

<table>
<thead>
<tr>
<th>Sources of Revenue</th>
<th>BRITAIN</th>
<th>CANADA</th>
<th>FRANCE</th>
<th>GERMANY</th>
<th>ITALY</th>
<th>JAPAN</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal income 26.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate 12.3</td>
<td>Corporate 8.5</td>
<td>Corporate 5.5</td>
<td>Corporate 5.5</td>
<td>Corporate 10.1</td>
<td>Corporate 24.4</td>
<td>Corporate 8.5</td>
<td></td>
</tr>
<tr>
<td>Soc. sec. (employee) 7.5</td>
<td>Soc. sec. (employee) 4.4</td>
<td>Soc. sec. (employee) 13.0</td>
<td>Soc. sec. (employee) 15.6</td>
<td>Soc. sec. (employee) 6.4</td>
<td>Soc. sec. (employee) 10.1</td>
<td>Soc. sec. (employee) 11.5</td>
<td></td>
</tr>
<tr>
<td>Soc. sec. (employer) 9.5</td>
<td>Soc. sec. (employer) 8.4</td>
<td>Soc. sec. (employer) 27.2</td>
<td>Soc. sec. (employer) 18.5</td>
<td>Soc. sec. (employee) 23.8</td>
<td>Soc. sec. (employee) 14.5</td>
<td>Soc. sec. (employee) 15.5</td>
<td></td>
</tr>
<tr>
<td>Goods and services 30.9</td>
<td>Goods and services 29.5</td>
<td>Goods and services 28.7</td>
<td>Goods and services 25.8</td>
<td>Goods and services 26.9</td>
<td>Goods and services 12.6</td>
<td>Goods and services 16.2</td>
<td></td>
</tr>
<tr>
<td>Other 13.2</td>
<td>Other 10.8</td>
<td>Other 13.7</td>
<td>Other 5.3</td>
<td>Other 6.1</td>
<td>Other 13.7</td>
<td>Other 11.5</td>
<td></td>
</tr>
</tbody>
</table>

Figure 3

AVERAGE AFTER-TAX INCOME GAINS AND LOSSES BETWEEN 1977 AND 1988, BY VARIOUS HOUSEHOLD INCOME GROUPS IN THE U.S.

PERCENTAGE CHANGE

-10%  -3%  4%  9%  34%  60%  122%

POOREST Filth  SECOND Poorest Filth  MIDDLE Filth  NEXT Richest Filth  RICHEST Filth  Top Five Percent  Top One Percent

Sources: Center on Budget and Policy Priorities and Congressional Budget Office.
In his book, *The Economy of Nations*, Secretary of Labor Robert Reich sees the "fortunate fifth," the upper income group, as, in effect, seceding from the rest of American society. For example, eighty-five percent of the richest families in the greater Philadelphia area now live outside the city limits, and eighty percent of the Philadelphia region's poorest live inside. This has had a tremendous impact on the tax base of Philadelphia, which is typical of many cities. Along the same lines, in Texas, the richest school district in the state spends over $19,000 per year, per pupil; the poorest district spends about $2,000 per year, per pupil.

Increasingly, according to Reich, the fortunate fifth is linked by jet aircraft, fax machines, telephones, satellites and fiber optic cables to their commercial and political counterparts throughout the nation and the world. But they are less and less connected or concerned with the bottom four-fifths of America in their own home towns.

**Federal Disinvestment**

Over the same period, federal tax and income policy that helped the rich was accompanied by federal disinvestment policy that hurt the poor.

Between 1979 and 1992, federal appropriations on Star Wars research climbed from 0 to almost $4B per year. Federal appropriations for job training and employment fell from nearly $12B per year to less than $5B per year. Incredibly, over several years in the 1980s, funding for Star Wars research actually exceeded funding for job training. (Figure 4.)
Figure 4

FEDERAL APPROPRIATIONS FOR STAR WARS AND JOB TRAINING
1979 - 1993


From 1980 to 1990, federal community development block grants to the cities were cut from over $6B to under $3B.

From 1979 to 1990, overall federal outlays on defense skyrocketed from close to $200B per year to nearly $300B per year, while overall federal outlays for education, job training, employment and social services declined from over $50B per year to under $40B per year -- an astounding drop of over twenty percent (Figure 5).

The huge military increases were financed only in a small way by the domestic cuts. Most was paid for by running up the national debt. The deficit was $74B in 1980 and estimated at $331B in 1993 (Figure 6). As the nation entered the 1990s, annual federal spending to cover the interest on the debt was about the same as annual spending by government at all levels on public education for grades K through 12. Thirty percent of a typical family’s total tax was used to pay the interest on the debt. (Figure 7.)

**Prison Building: Throwing Money at the Problem?**

One exception to the federal government’s domestic disinvestment was prison building. Over the 1980s, the United States achieved the highest rates of incarceration in the industrialized world (Figure 8) -- moving past South Africa and the former Soviet Union. This prison building was extremely expensive, costing $37B at the federal and state levels over the decade. The cost of building a new prison cell in New York State ran from between $75,000 and $100,000. The
Figure 5
FEDERAL OUTLAYS FOR DEFENSE,
JOB TRAINING, EMPLOYMENT
AND SOCIAL SERVICES IN THE U.S.
1979 - 1990

Sources: Congressional Budget Office, Department of Commerce and Office of Management and Budget.
Figure 6
THE FEDERAL DEFICIT IN THE U.S.
1980 - 1993

Note: The bars show the actual Federal budget deficit each fiscal year, in billions of dollars. The figure for 1992 is an estimate. The figure for 1993 is a projection by the Congressional Budget Office.

Sources: Congressional Budget Office and the New York Times.
Figure 7

SPENDING ON DEBT INTEREST & PUBLIC EDUCATION
1960 - 1990

Figures in billions.

Sources: Internal Revenue Service, Federal Reserve Board and Barlett and Steele (1992).
Figure 8

PRISON INCARCERATION RATES, BY NATION

<table>
<thead>
<tr>
<th>NATION</th>
<th>RECENT YEARS*</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNITED STATES</td>
<td>455</td>
</tr>
<tr>
<td>SOUTH AFRICA</td>
<td>311</td>
</tr>
<tr>
<td>SOVIET UNION</td>
<td>258</td>
</tr>
<tr>
<td>VENEZUELA</td>
<td>179</td>
</tr>
<tr>
<td>HUNGARY</td>
<td>117</td>
</tr>
<tr>
<td>CANADA</td>
<td>111</td>
</tr>
<tr>
<td>CHINA</td>
<td>111</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>79</td>
</tr>
<tr>
<td>PORTUGAL</td>
<td>77</td>
</tr>
<tr>
<td>CZECHOSLOVAKIA</td>
<td>72</td>
</tr>
<tr>
<td>DENMARK</td>
<td>71</td>
</tr>
<tr>
<td>ALBANIA</td>
<td>55</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>46</td>
</tr>
<tr>
<td>REPUBLIC OF IRELAND</td>
<td>44</td>
</tr>
<tr>
<td>SWEDEN</td>
<td>44</td>
</tr>
<tr>
<td>JAPAN</td>
<td>42</td>
</tr>
<tr>
<td>INDIA</td>
<td>34</td>
</tr>
</tbody>
</table>

INCARCERATION RATE PER 1,000,000 POPULATION

*Note: All rates are for 1991 or 1990, except for the Soviet Union, where the rate is from 1989.

Sources: The Sentencing Project and Penal Reform International.
cost of maintaining a prisoner was up to $30,000 a year, more than sending that person to Harvard or Yale.

Little of this prison building was based on scientific studies comparing the effectiveness of prison to alternative policies, like community-based youth programs—which, as we will see in Chapter 3, create more benefits at much lower cost to taxpayers. Rather, politicians voted the money for new prisons to show that they were "tough on crime," so they could be re-elected.

The prison building did not just represent criminal justice policy. Because the inmates were disproportionately young, in many ways prison building became the American youth policy of choice over the mid 1980s and early 1990s. By the 1992 elections, one in every four young African-American males was either in prison, on probation, or on parole. In California, which usually leads the rest of the U.S., it was one in three. Hence, in some ways prison building was part of the nation’s civil rights policy. Given that the population in American prisons more than doubled over the decade, (Figure 9), while funding for housing for the poor was cut, incredibly, by more than eighty percent from 1978 to 1991, and given that the cost of a new prison cell in New York State was about the average cost of a new home purchased in the U.S. nationally, in some ways prison building became the American low-income housing policy of choice in the 1980s.

Yet, violent crime reported to police increased by more than forty percent between 1981 and 1991 (Figure 9). The uptrend for all violent crime also held for homicide alone. This is
Figure 9
TRENDS IN VIOLENT CRIME AND INCARCERATION IN THE U.S.
1981 - 1991

Violent crime in the USA (murder, aggravated assault, forcible rape and robbery) rose more than 40% between 1981 and 1991. The number of inmates in state and federal prisons more than doubled.

VIOLENT CRIME RATE JUMPS (per 100,000 people)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1981</td>
<td>576.9</td>
</tr>
<tr>
<td>1991</td>
<td>758.1</td>
</tr>
</tbody>
</table>

Sources: U.S. Department of Justice and USA Today.
critical, because homicide is more accurately reported to police than any other crime. (Crime rates based on interviewing victims remained about the same over the decade, though these surveys encounter some reporting problems in the inner city.) Partly as a result of drugs and gangs, homicides for young men exploded in the 1980s. For example, between 1984 and 1991 homicide arrest rates for males aged fourteen to seventeen increased by over sixty percent, and arrest rates for males aged eighteen to twenty-four increased by about one hundred fifty percent. (Figure 10.) The young arrestees were disproportionately minority.

There also was a clear relationship between handguns and homicides. For example, in 1990, the U.S. had 10,567 handgun homicides, compared to sixty-eight in Canada and twenty-two in the United Kingdom -- countries with strict handgun laws.

Another way of looking at the effectiveness of prisons is to compare different countries. If the high cost of prisons is to be justified as worthwhile to the average citizen whose taxes finance the prisons, one would hope to show that countries with higher rates of imprisonment have lower rates of crime. But, in the case of the U.S., just the opposite is true. America has by far the highest rates of violent crime in the industrialized world (Figure 11) at the same time that it has the highest rates of incarceration (Figure 8).

All of this information makes it difficult to justify to the American taxpayer how prison building at up to $100,000 per cell over the 1980s was an effective or cost-effective way to stop crime -- a form of "quiet" or "slow" rioting -- or drug abuse.
Figure 10

HOMICIDE ARRESTS PER 100,000 PEOPLE, BY AGE OF SUSPECT IN THE U.S.

Figure 11

RATES OF VIOLENT CRIME VICTIMIZATION, BY NATION
1988

As the Sentencing Project concluded in 1992:

It would be foolish to claim that incarceration has no impact on crime. But, it is also difficult to demonstrate that incarceration has a substantial impact on crime, or is the most cost-effective means of reducing crime. A true debate on crime would consider the potential benefits and costs of incarceration, including the social cost of imprisoning large numbers of young black men, a discussion revived by the recent events in Los Angeles. The debate should also assess the relative crime control benefits of employment policies, and programs such as Head Start, low-income housing, community policing, and other services.

Rather than spend relatively large sums up front to prevent drug abuse or crime, as countries such as Canada and Britain do, the U.S. waits until a crisis develops, then spends much more to combat it.

**The "War on Drugs:" A Domestic Vietnam?**

Expenditures in the "War on Drugs" increased from under $2B per year in 1980 to about $11B per year in 1991 (Figure 12), and about $12B currently. But, throughout that increase the proportion spent on supply-side law enforcement and interdiction policies remained at about seventy percent, while the proportion spent on demand-side prevention and treatment remained at about thirty percent.

What was so magical about this percentage? The federal government never gave the American taxpayer an explanation. The seemingly arbitrary but ironclad proportion was all the
Figure 12
FEDERAL SPENDING IN THE "WAR ON DRUGS" IN THE U.S.
1980 - 1991

more questionable because some other countries have very different proportions. For example, in France, the proportion is just the opposite -- thirty percent supply-side and seventy percent demand-side.

One example of the American federal government's obsession with supply-side policy is the "thin grey line" of ten radar balloons, each costing $20M, that stretches across the U.S. border with Mexico. Their goal is to spot cross-border drug flights in small aircraft. But there is no scientific evidence that the balloons have led to drug seizures, much less reduced use of drugs. One reason is that drug runners jam the radar of the $20M balloons, with devices that cost less than $500.

At the same time, since 1989 alone:

- One million addicts have been unable to get treatment.
- Drug education programs have reached only one of every two school children.
- Only one of every ten pregnant addicts has received treatment.
- About nine hundred thousand babies have been born drug-addicted.
According to the federal government's National Household Survey, the rate of use of any kind of illicit drug by persons of all ages was down from 1985 to 1990 among Hispanics and whites; for African Americans, the rate declined and then increased. Drug use among persistent offenders increased.

For cocaine, the overall rate of use by persons of all ages increased by eighteen percent from 1990 to 1991, based on the National Household Survey. This increase was especially concentrated among African Americans and the unemployed living in the toughest inner city neighborhoods.

The federal government claimed success in reducing cocaine use based on another measure, a survey of high school seniors. Yet the survey does not include high school dropouts. The dropout rate is fifty percent or higher in many inner-city locations, and drug involvement is high among dropouts.

A separate survey in thirty-four states by the Parents Resource Institute for Drug Education (PRIDE) reported dramatic increases in 1991 among junior high school students in the use of cocaine (fifteen percent), LSD (twenty percent) and marijuana (seven percent).

As separately measured by information collected from hospitals, use of LSD and heroin also appears to have increased in the 1990s.
There is near consensus among most experts that drug-related crime is far worse than twenty years ago. Articles about machine-gun battles on street corners and children hit by dealers’ bullets have become routine.

At best, we appear to have taken two steps back for every step forward on drugs. At worst, the policy has become a domestic Vietnam, a no-win war that is failing as billions are being thrown into an intractable abyss.

**The Prophesy of the Kerner Commission**

The effects of federal trickle down, tax, income, domestic disinvestment, debt and prison building policy over the last decade and into the early 1990s were devastating to the poor and minorities -- and to the middle class.

During the 1980s, African Americans experienced declining college enrollment rates, a slowdown in income gains relative to whites and a growing number of unemployed.

By the end of the 1980s, the poverty rate was thirty-three percent for African Americans, twenty-nine percent for Hispanic Americans, fourteen percent for Asian Americans and eleven percent for whites. The poor became increasingly concentrated in the cities.

Nationwide, children living in poverty increased twenty-two percent over the 1980s, according to a study funded by the Annie E. Casey Foundation, and this was felt the most in the
inner city. According to the Children's Defense Fund, one in five American children now lives in poverty. In Canada, Germany and the United Kingdom, the child poverty rate is about half the rate in the U.S.

The United States stands in ignominious isolation: Among industrialized countries, the U.S. has the highest incidence of poverty among the non-elderly and the widest distribution of poverty across all age and family groups. It is also the country in which the poor experience the longest spells of poverty and the only Western democracy that has failed to give a significant proportion of its poor a measure of income security.

Poverty in the United States is not only more widespread and long-term than in continental Europe, but it is also likely to be more severe. In the U.S., most poor families fall far below half the national median (the poverty line used here). By contrast, in European countries a large percentage of poor households are close to the poverty line.

Between 1980 and 1989, average hourly wages fell more than nine percent. Hourly benefits--such as pensions, health insurance, and paid time off--fell by fourteen percent. The vast majority of workers saw their wages, and their spending power, decline. American families worked more hours and weeks. For middle-class families, only the addition of another income--typically a working wife--kept their overall household income steady. At the same time, the bottom forty percent of families had actual declines in household income.
In the shadow of some of the world’s most sophisticated medical centers, infants in many urban neighborhoods died at rates comparable to Third World countries. In 1990, the infant mortality rate per 1000 live births was five in Japan, seven in Canada and Germany, eight in France and the United Kingdom and ten for the U.S. as a whole. (Figure 13.) For African Americans alone, the rate was eighteen--worse than countries like Cuba and Bulgaria. *Urban* infant mortality rates for African American children (for example, twenty-four per 1,000 in Detroit and twenty-six per 1,000 in Washington, DC) were comparable to China and the former Soviet Union.

Within metropolitan areas, whites, African Americans, Hispanic Americans and other minorities have become increasingly isolated from each other. Sociologists have coined the term "hypersegregation" to describe this pattern. One indicator, based on the research of sociolinguist William Labov, is that the English spoken by inner city African-Americans has become more and more different from the English spoken by whites.

Overall, then, in spite of some gains since the 1960s but especially because of the greed and federal disinvestment of the 1980s, we conclude that the famous conclusion of the Kerner Commission, of "two societies, one black, one white -- separate and unequal" is more relevant today than in 1968, and more complex, with the emergence of multiracial disparities and growing income segregation.
Figure 13
INFANT MORTALITY RATES, BY NATION

<table>
<thead>
<tr>
<th>NATION</th>
<th>1990</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHINA</td>
<td>23</td>
</tr>
<tr>
<td>SOVIET UNION</td>
<td>30</td>
</tr>
<tr>
<td>AFRICAN AMERICANS</td>
<td>18</td>
</tr>
<tr>
<td>IN UNITED STATES</td>
<td></td>
</tr>
<tr>
<td>BULGARIA</td>
<td>14</td>
</tr>
<tr>
<td>CUBA</td>
<td>11</td>
</tr>
<tr>
<td>TOTAL UNITED STATES</td>
<td>10</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>8</td>
</tr>
<tr>
<td>FRANCE</td>
<td>18</td>
</tr>
<tr>
<td>GERMANY</td>
<td>7</td>
</tr>
<tr>
<td>CANADA</td>
<td>7</td>
</tr>
<tr>
<td>JAPAN</td>
<td>5</td>
</tr>
</tbody>
</table>

DEATH RATE PER 1000 LIVE BIRTHS

Sources: UNICEF and Children's Defense Fund.
As Barbara Tuchman concluded, government folly founded on error multiples -- never retreats. But the public sought change in the 1992 election, and so the goal of this twenty-fifth anniversary report is to suggest an alternative policy that works. It is not our intention to provide detailed comparisons between recommendations in the voluminous Kerner report and policy today. Instead, we will concentrate on new policy for the rest of the twentieth century that is in keeping with the principles of the Kerner Commission -- and the spirit of a new Administration. Our focus remains on the hard core poor in the cities, the roughly ten percent of the population who live in urban areas of concentrated long-term poverty, and whose violence and suffering has a disproportionate effect on American life, class tension and race tension.
3. **INVESTING IN CHILDREN AND YOUTH**

One need not necessarily despair about the experiment in democracy that Alexis de Tocqueville described so eloquently in *Democracy in America* in 1835. The fact is that we already know of much that works in the American inner city.

The policies that seem to work best can be summarized as investing in people -- especially children and youth -- and using those investments as much as possible for reconstructing our cities -- as part, now, of the national economic priorities of a new Administration. The policies that seem to work are cheaper and far more productive, economically and in terms of human capital, than trickle-down economics, prison building and $20M radar balloons.

Chapters 3 and 4 identify such common sense policies for investing in children and youth at-risk of getting in trouble and missing the American dream. Chapter 5 proposes policy for reconstructing the cities where they live, reducing the investment and productivity gaps between the U.S. and countries like Germany and Japan, converting some military spending into high tech economic growth, and employing high risk youth in the process.

Since the 1960s, we have been able to begin to identify, often through careful, long-term scientific evaluations, what works best among children and youth in the inner city:
Programs for the Youngest At-Risk Children

The Head Start program is administered by the Department of Health and Human Services (HHS). It provides multiple solutions to the multiple problems of disadvantaged preschoolers and their low-income families. Head Start enables children to deal more effectively with both their present environment and with later responsibilities in school and community. The multiple solutions embrace education, social services, medical, dental, nutrition, mental health services and parent involvement -- to enable each child to develop to her or his highest potential. Head Start is implemented through a nationwide network of 1,321 grantees serving approximately 2,050 communities. The program employs approximately 97,000 persons and enlists the aid of about 800,000 volunteers in these communities.

Grants are awarded by the HHS Regional Offices and HHS Indian and Migrant Program Branches to local public agencies, private non-profit organizations and school systems for operating Head Start programs at the community level.

Evaluations

Head Start has been evaluated as perhaps the most cost-beneficial across-the-board inner-city prevention strategy ever developed. In 1985, the Committee for Economic Development, composed of conservative American chief corporate executives, concluded, "It would be hard to imagine that society could find a higher yield for a dollar of investment than that found in
preschool programs for its at-risk children. Every $1.00 spent on early prevention and intervention can save $4.75 in the costs of remedial education, welfare, and crime further down the road."

Over the years, a number of scientific evaluations have illustrated this cost-benefit ratio. Figure 14 compares disadvantaged kids in the Perry Preschool program in Michigan, to similar children not in preschool. The preschoolers had significantly fewer arrests, school drop outs, cases of mental retardation, and experiences on welfare -- as well as significantly higher literacy, employment and attendance rates in vocational school or college by the age of nineteen. All of those welcome outcomes seemed interrelated.

The Family Development Research Program operated between 1969 and 1975 in Syracuse. The major program goal was, "The support of child and familial behaviors that sustain growth and development after intervention ceases." By age five, children in the experimental program -- girls and boys -- showed statistically meaningful gains in their cognitive functioning compared to control children. From a longitudinal study undertaken when the Syracuse children were fifteen years old, it was apparent that, particularly for program boys, peer pressure from their classmates had militated against their continuing to do well in their cognitive performance. The program girls retained their superior records, while the program boys did not. However, the principal measurable difference for the program boys was their functioning in society. For the sixty experimental program children who could be found years later, only six percent had been placed under supervision of the probation department, contrasted
Figure 14

COMPARISON BETWEEN PRESCHOOL AND NONPRESCHOOL AT AGE 19
PERRY PRESCHOOL PROGRAM IN YPSILANTI, MICHIGAN

Pct

Mentally Retarded
School Dropouts
Arrested
On Welfare
Literate
Employed
College or Vocational School

with twenty-two percent of the fifty-four control children who could be located. This translated to an estimated cost to society for court processing, probation services, supervision and detention of $186 per child in the program group compared to an estimated $1,985 per child in the control group, more than ten times as much.

As a last example, the Yale Child Welfare Research Program has assessed coordinated pediatric child care, social work and psychological services given to low-income mothers and their first child over thirty months from birth. Ten years following the end of the services, program boys were statistically less likely to be involved in pre-delinquent behavior (like truancy) than comparison group boys.

**Full Funding**

Yet only about twenty-five percent of all eligible lower income children aged three to five are served by Head Start, whereas the percentage is considerably more than double for middle income family ($35,000 and above) children of the same ages whose parents pay for private preschool and related childcare. (The enrollment rate is especially low for Head Start-eligible three year olds.)

It is past time to act on the Kerner Commission's recommendation of twenty-five years ago: "Extension of quality early childhood education to every disadvantaged child in the country."
The Congressional Budget Office estimates that the present level of Head Start funding, $2.2B per year, will need to be increased by between $6B and $7B per year to provide eligibility for all who qualify, with the exact amount depending on how quickly the additional funding is phased in.

We recommend full funding of Head Start for all eligible three to five year olds, and funding for at least some two year olds (based, for example, on the experience of Project Beethoven, below). At the same time, the quality of Head Start staff and programming should be improved. Upgrading quality include better training, pay and benefits. In the late 1980s, half of all Head Start workers earned less than 10,000 a year:

As it stands, the low pay leads to rapid and disruptive staff turnover, which diminishes the quality of care; and not enough staff have sufficient training to cope with the increasingly complex problems (including parental drug abuse) children are bringing with them to the program.

We concur with the recommendations of a Ford Foundation panel that at least one-half of all new slots be full day programs for children with working parents. And we endorse the conclusion of the Children’s Defense Fund that state and local governments and private employers should increase their investments in child care and early childhood development.
France Puts America To Shame

One would expect the French to endorse such recommendations, because France has the most comprehensive system of child and family support and care in the world. France, for example, has preschool for all eligible children, along with a package of $123 per month of child benefits for a family of two children, compared to nothing per month in the U.S.

The French, and most Europeans, were amused at the 1992 American election debates on "family values." They saw it as mostly talk. The French are more willing to back rhetoric on family values with money, mainly because they have a heightened sense of their children as conservators of their family traditions and culture:

All the continental European systems share one common feature: they provide income security to families with children. All offer universal access to healthcare. If women are expected to work, high-quality public day care is provided. Parental leave policies that allow mothers to easily move back into the labor force after child-bearing (or in the case of Sweden, while child-rearing) are also common. Perhaps the most important lesson we can learn from the Europeans is the concept of "social solidarity," the belief that children and young people belong to the entire community, not just to their individual families.

Figure 15 compares "family values" among European nations and the U.S. -- defined in terms of maternity leave allowed, child benefits and percent of taxes paid for child benefits. The world's one remaining superpower is consistently last.
### Figure 15

**Some Measures of Family Values, By Nation in Recent Years**

<table>
<thead>
<tr>
<th>What Every Citizen Gets</th>
<th>Maternity Leave Weeks</th>
<th>Child Benefits Per month, for two children</th>
<th>Taxes Percent for Family Benefits, including Social Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>14</td>
<td>$230</td>
<td>34%</td>
</tr>
<tr>
<td>France</td>
<td>16</td>
<td>$123</td>
<td>44%</td>
</tr>
<tr>
<td>Germany</td>
<td>14</td>
<td>$120</td>
<td>36%</td>
</tr>
<tr>
<td>Italy</td>
<td>20</td>
<td>$48</td>
<td>33%</td>
</tr>
<tr>
<td>U.S.</td>
<td>0</td>
<td>$0</td>
<td>29%</td>
</tr>
</tbody>
</table>

Sources: Organization for Economic Cooperation & Development and Time Magazine.
Expectations, and the Sobering Experience of Project Beethoven

Not that preschool and coordinated services are easy to carry out in the most deteriorated American inner city locations. An ambitious example in recent years has been Project Beethoven, created by Chicago businessman and philanthropist Irving B. Harris, in the notorious Robert Taylor Homes Housing Project.

When Project Beethoven began in 1986, Mr. Harris’ dream was that the family of every baby born in six buildings of Robert Taylor Homes would be enriched with an assortment of multiple solutions to their problems— including home visits, medical care, advice on child development and nutrition and a supportive safe environment. The idea was that, at the end of the five years, the program would deliver to the local Beethoven Elementary School a kindergarten class packed with confident and healthy children, eager to learn— like kids in the wealthy Chicago suburbs of Highland Park and Winnetka. This would be a beacon of hope in the increasingly desperate fight to save inner city children, illustrated in 1992, for example, by the death of a seven year old caught in the cross fire between drug dealers at another infamous Chicago housing project, Cabrini Green.

Project Beethoven started in 1986 with one hundred children and had as its goal the placement of ninety to ninety-five percent in kindergarten in Beethoven School more ready and able to learn than if they had not been in the program. Instead, by the fall of 1992, only twenty of the hundred reached kindergarten, and they were in a variety of schools, only one of which
was Beethoven. Many families moved out of Robert Taylor Homes. Some bettered themselves and some did not. But the program lost touch with them. Of the first one hundred families recruited, more than fifty percent moved at least once.

**Explanations.** One reason for these outcomes, to date, has been that Project Beethoven was not an easy sell to a community hardened by years of watching well meaning programs come and go. Some families did not let representatives from the program through their front doors. To counter this problem, the program hired not professional social workers but Robert Taylor residents to try to communicate and recruit families. As it turned out, the families that stayed involved with the program did so in large part because of these home visits.

Another major impediment was crime. Between 1986 and 1991, there was a forty three percent increase in violent crime reported in Taylor Homes. The violence traumatized both parents and children, often keeping them at home. The terror also made it difficult for Project Beethoven to hire and retain staff, who were frightened. The gangs in the housing project actually forced the program to close down once a month. Presumably, these were days when there were heavy gang activities that could injure mothers and children--although the program directors usually did not hang around on those days to confirm exactly what happened.

For those who stayed with the program, success has been subtle but crucial. For example, the first baby born into the program, prematurely as it turned out, started kindergarten at Beethoven School with above-average scores on a standard school readiness test. "He has a
lot of confidence and follows the classroom rules well," said his teacher. "He’s one of the few children in my room who knows all his letters and all his numbers. He came in knowing more than what we teach in the first semester." The youngster’s mother has been hired as an assistant teacher in one of the Head Start classes at the Beethoven Project. His father has recently married his mother--and says he has given up a life of drugs and sleeping in shelters.

**Concern.** Mr. Harris remains committed to Project Beethoven. But he believes that there is much more that we need to know about programs like Beethoven. "We are at a very, very early stage of learning and it is misleading to overstate what we think we know," he writes. He believes, for example, that much more must be learned to motivate mothers in such circumstances to come into prenatal care and to forbear having additional children born into very high risk. He concludes that "we have not learned how to train paraprofessionals satisfactorily to do the highly difficult work that professional social workers in child development and health providers need to perform. It is a little bit like sending out twelve year olds to guard Michael Jordan." He is especially concerned about how the rapid increase in violence, much of it drug related, has led to post-traumatic stress disorders among the Taylor population, especially among the children--leading to low attention spans, hyperactivity, their own violent behavior and, generally, to behavior that made them difficult in school.

**Guarded Optimism.** These are sobering observations which must be factored into national policy. We need to respect Mr. Harris’ commitment and insight. However, in a
guarded way, it is at least our judgment that the available scientific evidence allows somewhat more optimism.

For example, the Ford Foundation's Project Redirection, discussed below and replicated in a number of locations, achieved considerable success, over a five year evaluation with test and comparison populations, in working with low income mothers and their infants. Many outcome measures were similar to Project Beethoven's.

Training staff is of crucial importance. University-trained "professionals" have a key role in other successful inner city programs that deal with issues similar to Project Beethoven. But these programs, like the Argus Community in the Bronx (discussed shortly), have found that training people from the community -- including people who graduate from the program -- is central, because success seems to proceed far beyond the traditional conceptions, and preconceptions, of "professionals." Success also requires crossing the boundaries of traditional disciplines, to create holistic solutions tailored to individual needs. Sometimes university trained professionals are not sufficiency attuned to, and therefore resent, this street reality.

Security of participants and staff from violence and drug dealers is a major concern. But, here, again, there are at least some model programs already in existence which have created that security. For example, later in this chapter we discuss how, in San Juan, Centro Sister Isolina Ferre has created a residential police mini station on the grounds of a dynamic, multipurpose community program, which includes early intervention and which has reduced crime
dramatically, based on police statistics (although more careful evaluation is needed). In Chapter 5, we discuss how young male police officers now are living in the public housing that they patrol, in places like Alexandria, Virginia and Columbia, South Carolina. We also review how the TELESIS Corporation worked with the Nation of Islam to secure the Paradise at Parkside low income housing development in Washington, DC.

**A Broader Vision.** More is needed, in our view, then, and the solutions proceed considerably beyond what Project Beethoven yet has tried. The national-scale, society-wide and structural solutions that are needed are presented in this Kerner retrospective, along with their costs and political feasibility. We need, for example, James Comer's School Development Plan and Eugene Lang's "I Have A Dream" (see Chapter 4) in all schools in the Taylor community. We need a reformed national job training and placement program that employs and provides support and discipline to all eligible who live in Taylor Homes. Some of those employed need to work in non-profit, community-based housing corporations in-and-around Taylor, organizations like those sponsored by the Ford Foundation's successful Local Initiatives Support Corporation and developer James Rouse's successful Enterprise Foundation (see Chapter 5). They need to build and rehabilitate houses for the poor in the Taylor neighborhood. This probably should be done as part of a plan to blow up Robert Taylor Homes -- and Cabrini Green Homes -- just like the St Louis Housing Authority blew up the despicable Pruitt-Igo Public Housing highrise decades ago. (The Kerner Commission advocated an expanded public housing program with "emphasis on small units on scattered sites.") The high rises should be replaced with TELESIS-like low rises (see Chapter 5) that are integrated with commercial strip
development as part of the new national initiative to invest in urban infrastructure. Patrolling the area should be other residents, employed as police who live in the neighborhood, to help fulfill the promise in the last Presidential campaign to hire 100,000 new community-based police. The new police should be assisted by "advocates," young adults who serve as mediators between police and youth on the verge of trouble, as is done at the Centro Sister Isolina Ferre program in Puerto Rico, below, and as was advocated in a similar form by the Kerner Commission.

Project Beethoven was initiated in an environment that is a monument to government stupidity. Taylor Homes is block upon block of high rises, with elevators that usually don't work, run by a public housing authority that, until recently, had an inexcusably poor management record, to say the least. This we must change for good.

Michael Jordan and Ted Williams. To date, in our view, the real issue with Project Beethoven is expectations. Mr. Harris uses a basketball metaphor with Michael Jordan. Ours is baseball and Ted Williams -- the last man ever to bat over .400. Such a feat is considered virtually unobtainable by sports writers today. How, then, with much tougher pitching against it, could Project Beethoven ever expect to bat .900 or .950? In the Bronx, at the Argus Community, discussed below, Elizabeth Sturz, the Founder, concludes, "Twenty-two percent completion rates seem to be what Argus is achieving with Harbor House, our drug free therapeutic community enhanced with psychiatric services, and with several other community mental health residences for homeless substance abusers who are also seriously mentally ill."
This is about what Argus expected. Beethoven has batted .200, and a reasonable improvement, in our judgment, would be to end up somewhere between Argus and Ted Williams.

One of the positions in this report, then, is that the citizens who pay the taxes and the politicians who appropriate the money should not have a double standard. They cannot canonize Ted Williams and then expect social and economic opportunity programs for the truly disadvantaged in places devastated by multiple problems, many caused by the politicians and the public bureaucracy, to succeed at a far higher rate.

Nothing in the experience of Project Beethoven, in our view, for example, should argue against full funding of Head Start for all eligible three to five year olds (as well as younger children, as Mr. Harris advocates). At one hundred percent funding, we should also expect a considerably lower cost-to-benefit ratio than the $1.00 to $4.75 reported by the Committee for Economic Development. At the present rate of funding, which covers about twenty-five percent of those eligible, there has been considerable self-selection. That is, kids now in Head Start probably have parents who are much more functional and more adept at working the system than the kind of mothers with more problems and less going for them who are the clientele of Project Beethoven. Thus, if and when there is full eligibility, including such mothers and their children, we cannot necessarily expect them to succeed as well as those more able and motivated. But, to return to the Argus success rate, even if the cost-benefit ratio falls to $1.00 to $1.00, good progress will have been made with these most troubled populations, in our view.
Community-Based Programs for Older Children and Teen Agers

For at-risk children beyond the age of Head Start and for young people in their teens, successful programs run by non-profit community-based organizations have evolved in the twenty-five years since the Kerner Commission. Successful programs for young people at these ages are of critical importance. If we provide a child with three years -- or more -- of Head Start, but then, at age six, throw that child back into a Taylor Homes-like setting without continued investment, the risk is high that they will be crippled by many slings and arrows, or, today, by drugs and guns.

A good number of initiatives for children and youth older than pre-school have become more successful mechanisms than inner city schools for the delivery of interrelated services, including education and employment training. In this section, we assess their potential. Chapter 4 then combines a policy of expanding such community-based non-profits with a policy of inner city school reform and federal job training and placement reform modeled after the successful Job Corps program and related proven initiatives.

Examples of Promising Programs

Over the last twenty-five years, despite pessimistic rhetoric that "nothing works," and in the face of twelve years of federal government disinvestment, many programs have shown encouraging successes. We illustrate community-based non-profit successes with the Argus
Community in the Bronx, Centro Sister Isolina Ferre in Puerto Rico, Delancey Street in San Francisco and other locations, the House of Umoja in Philadelphia and Portland, the Dorchester Youth Collaborative in Boston, City Lights School in Washington, D.C., Project Redirection in a number of places, the Violent Juvenile Offender Program in several locations, and the Door in New York City. Most of these initiatives assemble at the grassroots community level combinations of school drop out prevention, gang prevention, crime prevention, drug prevention, welfare dependency reduction, self-esteem building, teen parenting guidance, employment training, employment placement, economic development and community policing. Many of them have been judged successful in careful scientific evaluations. Many have "bubbled up" from the grassroots, thus providing "ownership" by the disadvantaged. Often, they have evolved because the more traditional service delivery mechanisms for the youth of the inner city--including the schools--have failed.

The Argus Community. The Argus Community on East 160th Street in the Bronx was founded in 1968, by Elizabeth Sturz, a poet and former probation officer. Argus is a community-based center with programs for high-risk youth and adults ages seventeen to twenty-one, mainly African-American and Puerto Rican. It provides "an alternative life program for adolescents and adults who have been on the treadmill of unemployment, under-employment, street hustling, welfare, substance abuse, crime and prison, and who saw no way out for themselves."
Through residential and nonresidential programs, Argus seeks to offer some fundamentals too often lacking in the families and communities from which these youth come. It creates an "extended family" of responsible adults and peers who offer "warmth, nurturance, communications, and structure," and who teach productive and family values. Within that extended family setting, the program offers prevocational, vocational and academic training, substance abuse treatment and aftercare -- and works to link those trained and treated with employers in New York City. Training is offered in computer skills, desktop publishing, building management, weatherization, and horticultural services. Basic literacy skills and GED preparation classes are delivered through an alternative school at Argus.

Over time, Argus has added programs for housing, treating and training homeless drug-addicted men, mentally ill drug-addicted men, and drug-addicted women with children. In addition, family planning, health care and early education are offered, which not only provide parenting assistance for the children of teen mothers in the program but also teach the young mothers -- and fathers -- how to be good parents. Ms. Sturz believes that "angry, alienated teenagers can be pulled in, can be brought to the point where they not only do not steal and assault but have something to give to the society." Punctuality, good attendance and self-respect are stressed in small-sized classes by teachers who come from the neighborhood surrounding Argus.

A new Argus residential treatment center for pregnant women, mothers and their young children now is being built between East 135th Street and East 136th Street in the Mott Haven
neighborhood of the South Bronx. As part of the complex, Argus hopes to create a police mini station at which an assigned officer will actually live. The officer will become acquainted with neighborhood residents; become involved with the children, mothers and community; and help secure the neighborhood for human and economic development. The concept will build on the residential police mini station already operating in San Juan at Centro Sister Isolina Ferre (see below).

The nonresidential Argus program, the Learning for Living Center, is mostly for teenagers who have a history of drug use, have dropped out of school, are victims of sexual abuse and child neglect and abuse and who have been involved with criminal acts. It is designed as alternative life training to prevent the need for youth to end up in the residential program, for those somewhat older with more serious problems -- today, especially drug addiction. So a full range of intervention has evolved, from early prevention to treatment.

Some people are referred to Argus from throughout New York City. Most come from the neighborhood. Argus youth are at higher risk than the clients of most other community-based youth agencies in New York City. Despite this extremely troubled clientele, the program has had encouraging successes.

The Eisenhower Foundation evaluated a cycle of the Argus day-time, nonresidential Learning for Living Center. Youth were assessed over twenty weeks of training and then over a follow-up period. Measures were taken before and after, nine months apart, with one-hundred
high-risk Argus youth and one-hundred comparable youths who did not receive training. Argus youths had higher salaries, and received more job benefits than comparison youth. Longer-run follow up studies are needed, but, to complement our short run findings, in 1992, Argus was only one of eighteen New York City programs funded with U.S. Department of Labor job training grants to exceed all evaluation, training and placement goals. Recent audits of the Argus job training programs found that no students had criminal involvement during these training periods and that eighty seven percent had been placed successfully in training-related jobs. The cost per person for the training program was $16,000. An earlier U.S. Department of Justice-funded study also found that Argus had the best outcomes among fifty New York State programs surveyed in terms of less criminal justice involvement and less drug involvement among program youth.

As with most successful programs, Argus has multiple income streams and is able to administer them well -- even though the funding sources, especially the public sector bureaucracies at federal as well as state and local levels, often are as much of the problem as the solution. Talking of bureaucrats at funding agencies, Argus’ founder, Elizabeth Sturz, has praised many but warned that just "one compulsive neurotic or one sadist can play Russian roulette with kids’ lives and set our administrative department boiling, hissing and thumping its lid."

A good example was the Project Operating Plan (POP) required by one agency funding Argus:
The POP is a twenty-one-page form in which we are required to present a breakdown of any given youth employment project in terms of administrative costs, fringe benefits, direct costs, indirect costs and contractual costs in dollar amounts and in the percentages of the total budget. In addition, we must provide a breakdown of dollar amounts and percentages charged to administration, training, services, participant benefits, wages and allowances. Next, we must figure out the budget in each of the categories in quarterly and in accumulative terms. The figures change for each quarter as the budget is spent. For each staff person in a project we must figure out the hourly wage rate, the number of hours to be worked each week and the number of weeks to be worked in the year. Then for each staff person we must figure the time split between the administrative, training and service areas. Employee benefits and all other budget categories must be broken down in similar fashion among these three areas. Every category has its base ratio. Telephones and utilities are broken down by number of square feet used by the program; supplies are broken down by the number of participants, et cetera.

At one point in time, the contract manager raised such absurdity by several exponents with the additional request that Argus:

(1) prepare the POP for one year at a 7 percent cost of living increase; (2) redo the POP based on a different budget amount; (3) prepare it for a six-month period; (4) prepare it for six months with a reduction in staff; (5) prepare it for six months with no cost of living increase; (6) redo it without participants’ wages included; (7) redo it again without equipment; (8) put some of the equipment back in; (9) prepare it with work site supplies; (10) take out work site supplies; (11) prepare the POP
with a four decimal point breakdown in salaries and fringe; (12) prepare the figures to the penny; (13) round off the figures.

Ms. Sturz's response was, "This contract manager deserves to be reborn as a goat... Or perhaps as a donkey. But no, that would be too good for him. He should be condemned to come back as a hookworm in the entrails of a pig." The Argus fiscal officer concluded, "God keeps the account for everybody. He keeps the balance sheet for the bureaucrats. God has no name and no shape, but anywhere you go, God is there. Anything you do, don't think that nobody is watching. Someday the bureaucrats will get it."

Argus has been able to bring on tough, dedicated and talented staff, like this financial officer, and to install management systems to deal with the funding bureaucracies. But the time and expense for such competence is an additional demand on a community-based organization that works with the most troubled youth in places like the South Bronx. The problem is further compounded by the fact that the Argus program is comprehensive. Yet most funders have narrow, categorical requirements -- what Ms. Sturz calls "slivers of programs." Thus, Argus must piece together categorical funding in innovative ways from diverse sources in order to come up with its holistic interventions. The Argus fiscal officer must simultaneously keep track of many income streams, each with reporting requirements not uncommonly devised by the kind of contract officers who Elizabeth Sturz condemns to be hookworms in the entrails of a pig.

**Centro Sister Isolina Ferre.** Centro was begun in the LaPlaya neighborhood of Ponce, Puerto Rico, in 1968 by a Catholic nun, Sister Isolina Ferre, who had graduated from Fordham
University in the Bronx and then spent years working on New York City's toughest streets. Playa de Ponce was a community "where 16,000 people lived neglected by government and private agencies" -- with delinquency rates more than twice that of the rest of the city of Ponce, high unemployment, poor health conditions, no basic health care services, and "few, if any, resources." Centro began on the premise, "If family and community could be strengthened, and meaningful employment made available," it might be possible to "make substantial progress in the struggle against neighborhood crime and violence."

With this vision, Sister Isolina began to put into place several programs designed to develop the competence of community youth -- many of whom were gang members. One example stands out especially -- the system of youth advocates or "intercessors." These were young, streetwise community people who became all-around advocates and mentors for youth brought before the juvenile court. The advocates would "get to know the youth and his or her peers and family, and would look into the school, family and work situation, and the day-to-day behavior of the youth." They would involve the youth in a range of developmental programs Centro began to create, including job training, recreation, and tutoring. Their role went well beyond simple individual counseling; the advocate was to "become familiar with the whole living experience of the youth," to work with "the family, the peers, the school, the staff, the police and the court" -- in short, "to help the community become aware of the resources it had that should help the youth develop into a healthy adult. After some initial mistrust, the police began to work closely with the intercessors, often calling them first before taking a youth to court.
Centro also developed innovative educational alternatives for youth at risk of dropping out of school and a program of family supports through "advocate families" who took the lead in helping their neighbors with family problems. They created an extensive job-training program, on the premise that "building a community without jobs for youth is like trying to build a brick wall without cement."

The journalist Charles Silberman, in his 1978 book, *Criminal Violence, Criminal Justice*, called Centro "the best example of community regeneration I found anywhere in the United States." LaPlaya is considered the toughest neighborhood in Ponce. Over the period of initial operations of Centro, from 1968 to 1977, the rate of reported juvenile offenses was fairly constant in Ponce, while it showed a two-thirds decline in LaPlaya.

Centro and the Eisenhower Foundation now are replicating and evaluating the original Ponce program on the other side of Puerto Rico, in San Juan. The replication embraces all the original education, mediation and employment initiatives begun in Ponce, but adds community-based policing. A police mini-station has been built at the entrance to the "campus" where buildings for the other initiatives are located. This helps to secure the neighborhood and lets Centro staff undertake its work without the kind of fear experienced in Project Beethoven in Chicago. A police officer lives with his wife and three children above the mini-station, the lowest floor of which has an IBM computer training and remedial education center (where the equipment therefore is protected by the police presence). For the most part, the officer does not make arrests. He works on prevention, accompanied by other officers not in residence but on
assignment during the day. Preliminary assessments after one year show crime reported to police down significantly in the Centro precinct, compared to other San Juan precincts.

Sister Isolina, and the other nuns who work with her, face the same kind of bureaucracies that Ms. Sturz faces in the South Bronx. Centro, as Argus, has a competent financial management staff to handle the many fragmented income streams, each with typically onerous requirements, necessary to piece together the comprehensive interventions of Centro. Over the years, Sister Isolina’s presence has risen to near sainthood status on Puerto Rico, and she has received an honorary Ph.D. from Yale University and commendations from Democratic and Republican Presidents. This well earned reputation she uses skillfully -- to overcome at least some of the bureaucratic obstacles presented by funders.

**Delancey Street.** Delancey Street was begun in 1971, by Mimi Silbert as a center in San Francisco for criminal rehabilitation and vocational training. It was designed to be for ex-convicts and run by ex-convicts. Dr. Silbert, whose co-founder was John Maher, an ex-felon, grew up in an immigrant neighborhood of Boston. She designed Delancey Street in part to duplicate how her family lived and how that Boston neighborhood functioned. Named for the section of New York City’s lower east side where immigrants congregated at the turn of the century, Delancey Street began with four addicts in a San Francisco apartment. Its population of former convicts, drug abusers and prostitutes quickly expanded. By joining together, the participants were able to work with Dr. Silbert to purchase an old mansion.
Delancey Street rules forbid alcohol or drugs and prohibit violence. In two decades, there has never been an arrest for a violent incident, and the few residents who have made threats have been thrown out. More than 10,000 women and men have passed through the program. Participants, who range in age from twelve to sixty-eight, have been asked to promise to stay at Delancey Street at least two years. Eighty percent have done so. The average time spent at Delancey Street is four years.

Delancey Street has never had a scientific evaluation undertaken -- in which participants have been compared to similar people not involved in Delancey. But many participants have become attorneys, business people, technically skilled professionals and construction workers, among other occupations. Considering that these are among the toughest, hardest core ex-offenders in the country, we believe that the world-wide reputation of Delancey Street is well earned, even though an evaluation now should be undertaken.

In Chapter 6 of this report, we caution about the over-politicalization of the notion of "self-sufficiency." But at Delancey Street self-sufficiency was a founding principle, and Dr. Silbert has made it work. What is central actually is not just economic self-sufficiency, but the pooling of resources. In addition, each person is put in charge of some aspect of the organization and its residents. There are no "experts" helping to run Delancey Street; it is run by its residents. All residents must be employed to support the group as a whole. Delancey Street does not accept outside funds, from the public or private sectors. This is Dr. Silbert's way of overcoming the fragmented funding bureaucracies. Delancey has its strict rules of
behavior and a self-governing system. Each resident must develop at least three marketable skills as well as earn a high school equivalency diploma and pass a core liberal arts curriculum taught in-house. Daily activities include frequent "games" held for residents to develop their interpersonal skills. After one year of residency, there are marathon sessions called "dissipations" to help residents get rid of their guilt over past failures. Before leaving, a resident must involve herself or himself in volunteer community or social work. Residents are engaged in numerous projects, from helping the elderly to working with young people in impoverished neighborhoods.

Delancey Street's crowning achievement to date is its new residential complex, built in a choice location on the Embarcadero in San Francisco. With assistance from unions, it was constructed almost entirely by the formerly unskilled residents, and trained more than two hundred fifty people in the construction trades. The spacious complex is assessed at $30M, though it cost only half of that to build, because residents constructed it themselves and many building materials were contributed. A $10M line of credit was obtained from Bank of America in what Dr. Silbert calls "good business for the bank and good business for us."

Called the Embarcadero Triangle, the complex contains one hundred seventy-seven apartments for Delancey Street residents. It also contains meeting rooms, a movie theatre, a swimming pool and space for businesses -- including printing, picture framing and catering. They all are run by residents. At street level is an up-scale restaurant, also operated solely by Delancey Street residents. Discount retail stores now are being opened with major businesses.
Residents will learn to run them. The businesses presently net $3M per year for Delancey Street. The only permanent staff member is Dr. Silbert, although no one is paid a salary. Instead, everyone is both a giver and a receiver in what operates as an extended family rather than a program.

There now are five hundred residents in the Embarcadero Triangle complex. About five hundred others are engaged in the same rigorous program in the states of New York, North Carolina and New Mexico. Delancey Street has just purchased a large property in Los Angeles which will house an additional five hundred people. Dr. Silbert currently is developing Delancey Street as a model for the nation. This includes the creation of a training institute that will require several months of internship.

The model has been replicated by other ex-felon populations around the world. Dr. Silbert is also working to adapt the model to different populations, such as working with The Enterprise Foundation to rebuild a section of Baltimore.

**The Houses of Umoja.** Philadelphia’s House of Umoja was begun in the late 1960s, in response to high levels of gang violence among the city’s minority youth. Under the leadership of Falaka Fattah, a journalist, and her husband, David Fattah, Umoja built on the idea that gangs do address the needs of youths—like safety, status, meaningful roles, a sense of belonging, self-esteem and a sense of competence. Umoja sought not to disband gangs but to rechannel the fulfillment of these needs in positive directions.
Umoja provides a "homelike setting" for a group of African American gang members that, like Argus, offers the support of an "extended family"--based, in Umoja's case, on an appreciation of the cooperative values of African culture. The House of Umoja offers a "sanctuary, a sheltered environment," that includes counseling, involving the youths in household management, monitoring their school performance, helping them connect with jobs and training, looking after their needs in health, nutrition and recreation, and fostering a "sense of togetherness and group unity by imparting the values inherent in African culture." The program links these efforts to build self-respect, self control, and a willingness to channel one's energy into a future based on education, employment, and family" with the development of several community-based enterprises in which those goals could be put into practice.

Over the 1960s, an average of thirty-nine black youth died on Philadelphia's streets, and hundreds more were maimed for life as a direct result of gang violence. The Fattahs negotiated a gang truce. By the mid 1970s, there was a dramatic drop in gang violence to six killings in 1976 and one in 1977. Although no scientific study of trends in gang violence was done, according to one New York Times account, "Experts in criminal justice believe that the House of Umoja had a considerable role" in reducing gang deaths.

No control or comparison group studies over time have yet been made of Umoja youths. A less formal assessment has been made on a representative sample of fifteen high-risk youths who lived at Umoja between 1971 and 1978. They had been diverted from the justice system to Umoja. Only one had served time in prison for any serious offense since joining Umoja.
The fifteen were primarily employed as laborers, machinists, community workers or retail salesman. A few had acquired some college or post-high school training. They felt that their survival in a city as tough as Philadelphia had been made easier by their experience with Umoja.

Philadelphia Umoja needs a real evaluation -- something it has resisted. But the concepts make sense. And young gangs are ravaging our large and middle size cities producing, along with drugs, the phenomenal rise in murder by teenagers and young adults since the mid-1980s, as Figure 10 shows dramatically in Chapter 2. Accordingly, over the last five years, we have sought to replicate Umoja in other locations.

One attempt, in Wilmington, Delaware, failed. The main reasons included lack of sufficient ongoing funding by the federal Department of Health and Human Services (HHS) and resistance by private and public officials in Wilmington to the efforts of the executive director, a young African American man who was formerly imprisoned for armed robbery.

The other attempt, in Portland, Oregon, holds promise. We believe that it will be instructive if we briefly trace the program’s development -- to illustrate the difficult process of replicating gang programs.

In the mid-1980s, the Eisenhower Foundation was invited by the Mayor of Portland to address business and public officials on innovations in youth poverty, crime and drug programs. There was a particular concern with gangs. Two Southern California gangs -- the Bloods and
the Crips -- had migrated north to Portland. As a result, there were gang battles and associated violence. In a series of speeches and less formal discussions, the Foundation described model programs elsewhere in the country, including the House of Umoja in Philadelphia. A coalition of community groups in Portland then invited the Directors of the House of Umoja to Portland to address several meetings of public officials and community activists. During some of these meetings, Eisenhower Foundation representatives made presentations -- emphasizing what was known from scientific evaluations about the cost-effectiveness of programs like Umoja.

After about two years of such meetings and discussions, a plan was set forth to raise money for a Portland House of Umoja. The Eisenhower Foundation contributed a modest amount of money to this plan, including funds to help rehabilitate the building where Umoja would be housed. Eisenhower also promised its ongoing technical assistance, pro bono. It stated, as well, that, if an Umoja program began in Portland, the Eisenhower Foundation would be prepared to evaluate it. More substantial funds were raised from the city government and from the private sector -- including the Nike Corporation.

As a result, a new facility housing the Portland House of Umoja was opened early in 1991. The Directors of the Philadelphia House of Umoja resided in Portland for two months during the start-up of the program -- as interim "house parents." Later, permanent program directors took over. The Foundation has established an evaluation plan with them. The Foundation also is paying for some continuing technical assistance costs, including a National
Cluster Workshop at the Centro program in Puerto Rico at which Portland Umoja staff and Portland Police have learned of comparable programs around the nation.

The Eisenhower Foundation is seeking, as well, to be a catalyst for new innovations between Umoja and the Portland Police Department. The Portland Police Chief, Thomas Potter, was a member of an Eisenhower Foundation delegation to Japan in 1988 to study community-based policing there. As a result of that delegation, Chief Potter is innovating new problem-oriented, foot patrol and bicycle patrol policing methods in Portland. There now is at least some discussion among Chief Potter and Umoja about including a police "drop in or courtesy room" on or near the physical premises of Portland Umoja. If this is established, it will provide opportunities for police to mentor with the high-risk youths who are associated with Umoja. The presence of the police may also work to help alleviate any fears of community residents about the presence of this community-based facility in their neighborhood.

The Dorchester Youth Collaborative. The Dorchester Youth Collaborative (DYC) was established in the late 1970s, in a low-income, rapidly changing Boston neighborhood -- racially and ethnically mixed, with large Hispanic, Black and White populations. DYC aimed to provide nontraditional services, activities and advocacy for local youths deemed to be at high-risk of gang involvement, delinquency, teen pregnancy, school failure and substance abuse -- youths who were not being adequately served by more conventional social service agencies.
Given its existing commitment to youth services, an important part of DYC's ambitious effort consists of Prevention Clubs. The Clubs are designed to steer neighborhood youth away from the lures of street life and into structured activities to help them develop self-esteem, stay in school or find other educational alternatives. DYC youth use the space of the center as a physical sanctuary from the streets -- an extended family that provides "positive role models for the youth in contrast to what was most visible to them on a daily basis."

Several things are noteworthy about the character of these Clubs. "From the beginning," as our evaluation of the DYC program points out, "these groups were racially integrated and bilingual...about equally divided between Whites, Blacks and Hispanics." The kids really do relate to one another, as any observer who spends a day hanging around the DYC headquarters can attest. There is a constant flow of young people in and out, with hugs, handshakes, amusement and good will.

This was a significant achievement in a community which -- like all too many others in urban America -- has been racked by frequent racial conflict among its youth. As the evaluation notes:

The Dorchester community had a very heterogeneous racial composition and racial tensions were a major problem. Developing an integrated youth program was an important goal, rarely tried by other agencies, and an important accomplishment.
Moreover, a substantial proportion of the youth were extremely "high-risk...basically street kids," as the evaluation puts it; kids who not only faced severe family problems, drug abuse and school failure, but who had also been hard to involve in structured activities of any kind in the past. The level of deprivation many of them faced was extreme.

Researchers from Rutgers evaluated the high-risk youths who went through DYC. They were able to collect considerable information on the youths who participated in the program, both at intake and periodically thereafter. They collected this information on twenty-two youth, of whom nine also were interviewed at length. Their findings, though frustratingly limited, are encouraging.

Although a formal control group of youth proved impossible to find, comparisons to Boston as a whole and to Dorchester provide some helpful perspective. During the period in which the DYC youth cohort was tracked (1983-1987), Boston’s annual school dropout rate averaged sixteen percent (eighteen percent among Blacks and Hispanics), according to the Boston Public Schools' Office of Research and Development. Among the DYC enrolles, twenty-eight percent had dropped out before or shortly after joining the program. Program staff convinced more than half of the dropouts to return to school. Overall the dropout rate among the participants fell to fourteen percent, slightly lower than the City’s average rate -- a promising finding given the especially high-risk population DYC enrolled.
Dorchester District Court statistics showed that twenty-seven percent of the DYC enrolles had been arrested at least once, and they continued to have problems with the law even after joining the program, so that the number arrested after joining decreased only to twenty-three percent. While this decline is somewhat disappointing, it is important to realize that during this same period, the number of juvenile arrests in the Dorchester community had increased by sixty-three percent, from three hundred eighty-six in 1983 to six hundred twenty-eight in 1987, according to the Boston Police Department.

Rutgers concluded that the program "has unquestionably impacted in a positive and dramatic manner on the lives of the young people we interviewed":

While we do not have an adequate comparison group, it is important to recognize that these participants entered the program in their pre-and early teens. Six already had been arrested prior to their participation. They were approaching a time when "anti-social" behavior would be more likely to occur, not less likely... It appears that the program provided a structured yet supportive environment, during a turbulent time of life in a difficult neighborhood. Many of those interviewed talked about DYC being a family, sometimes more of a family than the people they lived with.

**City Lights School.** City Lights School focuses on District of Columbia adolescents and young adults whom the educational system can’t seem to teach and the judicial system can’t seem to reform. Founded under the auspices of the Children’s Defense Fund in 1982, the program has helped over eight hundred and fifty hard-core dropouts, juvenile delinquents, teen parents, and emotionally disturbed youth become more productive citizens.
The students who attend City Lights range in age from twelve to twenty-two. A typical student is a disadvantaged sixteen-year-old who has at least one charge of delinquency, reads at the third grade level, and suffers from serious emotional problems. Many of the students already have long careers as hardcore truants, and most have been either physically or sexually abused.

The school's programs are specifically designed to enable students to find employment and live independently. A computer-based curriculum allows students to learn at their own pace. A comprehensive range of clinical services—including individual therapy, crisis intervention, and family counseling—helps the youths develop coping skills. An extensive substance abuse prevention program provides positive alternatives to the omnipresent drug culture. Career counseling, pre-vocational training, independent living classes, and job placement services help students make the transition from school to the workplace.

City Lights has recently moved into a newly renovated facility. The building contains a computer center, a fitness center, and an independent living center, each of which will augment the school's existing range of services. With 15,000 square feet, the building will enable City Lights to expand and serve more of the District's neediest youth. Within the next few years, the school plans to add a day care program, an in-house health clinic, an expanded vocational program, and an after-school care program for neighborhood youth.
Evaluations are underway. An initial random sample of twenty-five students has been selected. An additional sample of twenty-five has been identified, and the two samples ultimately will be combined.

Preliminary findings show that members of the initial group are experiencing very encouraging progress in staying out of juvenile and adult corrections after leaving the program. Only one member of the twenty-five-member sample was in a correctional facility twelve months after leaving the program. There is reason to believe that sampling bias may have influenced the result, but a four percent rate of recidivism is striking in contrast to the twenty-five percent rate predicted before the demonstration project, and the sixty-eight percent of the population with a recent criminal offense at admission. Whether the change is due to City Lights’ treatment will be examined more closely in the future.

Another promising result was the rate of students involved in school, work, or training twelve months after leaving the program. Seventy-six percent of the sample was engaged in one of these activities, with eighty-four percent of these being employed. This is approximately the predicted rate, and is encouraging given the sluggish economy and high levels of unemployment in the Washington, DC African-American community.

**Project Redirection.** Project Redirection focused on teen mothers aged seventeen or younger who lacked a high school diploma or an equivalency degree. Most were eligible for receiving Aid to Families with Dependent Children. Implemented in eleven locations during the
1980s by community-based organizations, the program had an approach that was comprehensive, seeking to enhance the teens’ educational, job-related, parenting and life-management skills, while encouraging those young people to delay further childbearing until they had become more self-sufficient. The program’s strategy was to link participants with existing services in the community and to support these "brokered" services by providing workshops, peer group sessions and individual counseling in the program setting. Project Redirection also paired teens with adult community women, who volunteered to provide ongoing support, guidance and friendship both within and outside of the formal program structure. Five years after entering the program (and four years, on average, after leaving it), Project Redirection participants, while still disadvantaged, had more favorable outcomes that a comparison group of young mothers in terms of employment, earnings, welfare dependency, and parenting skills; their children were more advanced developmentally vis-a-vis a comparison group.

The Door -- A Center of Alternatives, Inc. The Door began 21 years ago as a single-site multiple service delivery point for youth and young adults ages 12 to 20. Housed on three floors of a building in lower Manhattan that it owns and operates as a condominium for other nonprofit organizations, The Door offers more than 30 programs in prevention, enrichment and remedial services to 6,000 New York City area clients each year. Ninety-four percent are African American, Latino and Asian.

A paid staff of 145 is assisted by an equal number of volunteers to provide: legal services, health, mental health and health education services (including substance abuse
treatment, family planning services, prenatal care, well-baby care, HIV testing and counseling and general primary care), career counseling, job training and placement, creative and physical arts classes, an alternative high school with a cross-cultural curriculum, GED preparation classes, on-site day care, crisis support services, youth leadership training and hot dinners.

All services are provided free of charge and are confidential. The only requirement for eligibility is a desire to participate and an agreement to abide by The Door's formal Code of Conduct, a set of rules that address discipline and respect for others. Every new client is given a full tour of the facility and an explanation of all its services. Door members participate as tour guides. One-half of all youth served by The Door were referred by friends who had used its services.

The Door has been lauded as a model program by private agencies, Congressional committees and the Executive Branch. But efforts to replicate it as a model have failed -- in part because its program design operates outside of traditional funding streams available to community-based organizations. "They can get funding for parts of it," says one Door staff member, "but our society and our culture are organized in a fragmented way. And so is most public and private funding." The Door, as Argus, has found that funders often tend to provide categorical resources for youth instead of flexible resources for persons with multiple problems.

The Door funds its services through government contracts, more than eighty private institutions and even more individual donors. Categorical funding provides most of its financial
base. However, the concept of comprehensive funding is finally catching on, at least in New York State. Under an experiment with The Door, the state has consolidated seven discreetly funded contracts into one $1.4M master contract, which has simplified fiscal reporting requirements. Redundancies remain, however, because each state agency still requires its own separate client data tracking forms requiring Door staff to keep two sets of records -- one for the master contract and one for each separate funding agency. The Door has responded by developing measurable, comprehensive outcome objectives so that progress reports will be based on outcomes (which often are common across funding agencies) instead of process measures. "We want them to consider reading skills and job placement rates as outcomes, and not the number of times we blinked our eyes at this kid," one Door staff person said.

The Door has had several evaluations, although none have used comparison or control groups. Nonetheless, some of the changes among program youth have been so dramatic that it is difficult to conclude that the program was not responsible, in part. For example, a three-year study cited in a National Institute on Drug Abuse (NIDA) monograph on model programs, forty percent of Door participants either stopped using drugs or significantly reduced their use. In another study, there was a significant increase in self-esteem among persons who participated in the program for at least one year. The Door’s GED pass rate is among New York City’s highest. More evaluations are planned, by outside evaluators.
The Violent Juvenile Offender Program. The Violent Juvenile Offender Program was implemented from 1981 to 1986 through neighborhood-based organizations in the Bronx, Chicago, Dallas, Los Angeles, New Orleans and San Diego. Each local version of the program involved an ongoing needs assessment through which neighborhood resident councils planned and revised their efforts. Each local program was required to include violent-crisis intervention, mediation, family support networking and youth skills development. After thirty-six months of planning and implementation, serious juvenile crime decreased in three of the six targeted neighborhoods, compared to crime rates in their respective cities as a whole. Most of the programs developed means of financial support to carry on all or part of the effort after federal funding ended.

The Lessons Taught by Promising Programs

We have examined scores of other, indigenous, non-profit youth investment programs. Some -- like Argus, Project Redirection and the Violent Juvenile Offender Program -- have had sufficient scientific evaluation so that we can be reasonably confident of their success. In this category of sound scientific evaluation we also include Job Corps, the Fairview Homes Crime Prevention Program and some of the recent successes of the national Boys and Girls Clubs in public housing, all discussed later in this report. Other programs, like Centro, Umoja, Delancey Street, the Dorchester Youth Collaborative, City Lights, the Door and Umoja -- have not had sufficiently rigorous evaluations, but seem to be on the right track. Many of these, and still others are in the process of careful evaluation and seem to hold promise. Examples include the
Challengers Boys and Girls Club in south central Los Angeles, Youth Guidance in Chicago, the Metropolitan Police Boys and Girls Club in Washington, DC and many youth programs funded by the federal Center for Substance Abuse Prevention of the U.S. Department of Health and Human Services -- which has undertaken probably the best federal agency work in the field over recent years. Hundreds more such programs around the nation may hold promise, and certainly receive a great deal of publicity, but have not been, or allowed themselves to be, scientifically evaluated.

When we look at the successes which have built up a reasonable amount of scientific evaluation, as well as the initiatives which seem on the right track but need more rigorous evaluation, several common sense lessons seem clear:

- There is value in organizing and implementing at the grassroots level.
- Multiple solutions are needed for multiple problems--the "butterfly effect" applies.
- Solutions need to be flexible and staff need to be caring and tenacious.
- Sound management must be put in place.
- A way must be found to secure at least minimal resources year after year.

**There Is Value in Organizing and Implementing At the Grassroots Level.** Because they are in closer touch with the people they serve, successful community-based non-profits often work better for high risk children and youth than government bureaucracies and inner city
schools. This conclusion is based on many years of experience, but very recent new support comes from the Carnegie Corporation report, *A Matter of Time: Risk and Opportunity in the Non School Hours*, that recommends expansion of community based youth organizations, especially in the inner city.

Because the "bottom line" of successful community non-profits is doing what works in a comprehensive way to save children and youth, they often meet those goals more completely than for-profit organizations and business-dominated coalitions, like Private Industry Councils, with leadership which has a more materialistic bottom line.

A community base allows neighborhood people, including high risk youth, to acquire a stake in planning and implementing programs, and to tailor solutions to local needs, as perhaps best shown by Centro. In some successful grassroots ventures, the result is both positive change for individual high risk youth, like reduced drop out rates, and positive change for the geographically defined community – like less fear, crime or drug dealing in the neighborhood, and more business retention and economic development.

Successful programs draw staff from the community and from graduates of the programs. They are not, or not all, or not just, "professionally trained" in academically-defined disciplines, like social work. They have street training, and street smarts. This provides commonsense insight, an ability to easily cast aside nonsensical and narrow academic or professional school theories and ways of doing things. The result is flexibility in program design and an instinctive
understanding that the multiple problems faced by high risk inner city children and youth require multiple solutions that cut across traditional bureaucracies.

**Multiple Solutions are Needed for Multiple Problems--the "Butterfly Effect" Applies.**

Vaclav Havel, President of the Czech Republic, has written of the "butterfly effect":

> It is a belief that everything in the world is so mysteriously and comprehensively interconnected that a slight, seemingly insignificant wave of a butterfly's wing in a single spot on this planet can unleash a typhoon thousands of miles away.

We are not certain about typhoons far away, but, in the inner city, interconnectedness is not at all mysterious in successful programs for children and youth.

Most of the programs we have reviewed begin with some form of "sanctuary" (a place to go) off the street. It may be residential, as Delancey, non-residential, as Centro or both, as Argus. Paid and volunteer mentors function as "big brothers" and "big sisters" -- offering both social support and discipline in what amounts to an "extended family."

Often youth who need such social investments are teen parents who receive counseling in parenting skills, as in Project Redirection. In some successes, where feasible, mentoring and counseling also involve the parents of the youth who receive the mentoring.
Not uncommonly, a goal of the mentoring process is to keep youth in high school, as DYC, or to help them receive high school equivalency degrees; sometimes in alternative, community-based organizational settings, as Argus and City Lights. Here, too, there are many variations among successful programs. They include day care for the infants of teen parents. Remedial education in community-based settings often can be pursued with the help of computer-based programs, like those developed by Robert Taggert with US Basics, which allow a youth to advance an entire school year through two or three months of one-on-one work with a computer. There are vocational incentives to stay in school, like the Hyatt hotel management and food preparation course being run by Youth Guidance, at Roberto Clemente Community Academy in Chicago, which assures a job with Hyatt upon graduation. (See the discussion of Clemente in Chapter 4.)

Some successful community non-profit programs also link high school education either to job training or to college. When job training is undertaken, social support and discipline continue, frequently in community-based settings, as is the case with Argus, and there is a link between job training and job placement. *The training-placement link is crucial because the present American national job training program for high risk youth -- the Job Training Partnership Act -- does not adequately place such youth in jobs.* In successful programs, sometimes job placement is in the immediate neighborhood of a sponsoring community-based organization -- as in initiatives which train young workers to rehabilitate houses, like the Eisenhower Foundation-affiliated Baltimore Jobs in Energy Project, Inc. and with YouthBuild
U.S.A. (discussed in Chapter 4). This can help in the social and economic development of the neighborhood.

There are some promising ventures where this combination of youth, social and economic development is assisted by community-based and problem-oriented policing, as is the case with the Centro San Juan residential police mini-station and the residential police mini-station being planned by Argus. Such community policing does not usually reduce crime in inner-city neighborhoods, based on careful evaluations -- but it can reduce fear. (See Chapter 5.) The fear reduction can help encourage businesses and the public sector to stay or build in the inner city. If this economic development is planned correctly, it can provide jobs for high-risk youth. The youth can qualify for the jobs if they have adequate job training, and if they stay in school. Staying in school is made easier by "big brothers/big sister" mentoring and "extended family sanctuaries off the street." Children can survive long enough to get into these sanctuary initiatives if they have Head Start.

What works, then, seems to embrace a multiple-solutions formula including: sanctuary, extended family, mentoring, positive peer pressure, social support, discipline and educational innovation that motivates a youth to obtain a high school degree; job training (which continues social support and discipline) linked to job placement; feasible options for continuing on to college; employment linked to economic development; and problem-oriented policing, which is supportive of the process for youth social, community and economic development.
Not all successes have all of these components, but multiple solutions always are evident
in the formula.

Similarly, the successes tend to have multiple good outcomes. Not uncommonly, in
successfully evaluated programs, these outcomes include some combination of less crime, less
gang-related behavior, less drug abuse, less welfare dependency, fewer adolescent pregnancies,
less school drop outs, more school graders completed, more successful school-to-work
transitions, more employability and better parenting among targeted high-risk youth. The
communities where young people live can experience less fear, fewer drug dealers and business,
housing, job and economic development. As with the multiple solutions in the program formula,
not all model programs and replications achieve all of these good outcomes. But the point is that
multiple good outcomes are the rule, not the exception.

Solutions Need to be Flexible and Staff Need to be Caring and Tenacious. We have
found that successful and promising community non-profit programs understand that these
multiple solutions and outcomes cannot be routine or uniform. Variation is needed to fit the
individualized needs of young people. This means that the structure of the programs carried out
is not only holistic, but also flexible. Flexibility is helped by smaller size programs and the
higher staff-to-youth ratios -- compared to overextended traditional bureaucracies in non-
community settings.
Successful programs often devise innovative plots and schemes to tunnel under or circle around the rules and regulations of traditional bureaucracies which provide the funds. Those bureaucracies tend to be narrow and categorical -- so they must be manipulated if the community groups are to come up with funding for the comprehensive interventions and multiple solutions that work best.

In *Breaking the Cycle of Disadvantage*, Lisbeth Schorr concludes that not a single example of success which she could identify "was the product of the normal functioning of a large system -- public or private."

The extended family sanctuaries off the street characteristic of most successes help to generate a nurturing atmosphere in which staff can show their care and commitment. Youth feel they are wanted because of the supportive atmosphere, and this facilitates more participation by young people and the development of leadership skills.

To fight and circumvent the bureaucracies, staff need to be dedicated and tenacious. The founders of Argus, Centro and Delancey, for example, have been at it for a quarter century, and the financial officer at Argus seems to possess a certain god-like patience which outlasts contract officers.

**Competent Management Must be Put in Place.** One stereotype of inner city community non-profits is that they are begun by charismatic leaders who cannot manage. There
is some truth to this, and many non-profits, especially in youth and related human service fields, go out of business because of poor management. When the management failures are combined with illegal activity, especially mispending of funds, there often is a great deal of media attention. This adds to the negative image of inner city non-profits in the minds of some Americans, even though no proof ever has been presented to us that non-profits commit illegal acts with greater frequency than for-profit organizations.

Successful and promising programs are able to get beyond this. At the least, they have competent comptrollers to manage grants and contracts. Some have executive vice presidents or CEOs who manage day-to-day while the leader leads. Good management helps in good performance, which attracts more funds. More funds increase the resources available for bringing on good managers. It is a two way relationship.

As we saw in Head Start, community non-profits are almost always underpaid. As Lisbeth Schorr concludes:

> When it comes to professional status and economic compensation, the direct provision of basic services to the least powerful has little prestige. The development of better methods to accomplish such important public purposes as reaching hard-to-reach populations with effective services is also not sufficiently prized.

It is not uncommon for community workers to receive something on the order of $20,000 per year -- *roughly four hundred times less than the annual compensation of the CEO of Coca-
Cola. Should saving a young life be valued less than making a soft drink, and so much less? While not able to overturn this free market decision on relative worth, we note that the successful and promising community non-profits nonetheless often are able to manage livable salaries for core staff.

A Way Must be Found to Secure at Least Minimal Resources Year After Year. Because they have inspired leadership, good ideas, multiple solutions, flexibility, dedicated and tenacious staff and competent management, successful and promising community-based non-profits are able to find ways to secure at least minimal funding year after year. This is "soft money." Community non-profits rarely are endowed.

Programs like Argus do it in part through mastery of how to access the myriad of public and private funders, which includes the ability to write good proposals.

Programs like The Door do it in part because one prime, long-term funder, the Ford Foundation, has the sophistication and insight to back multiple, comprehensive solutions -- and not fragmented, categorical grants.

Programs like Centro do it in part because its founder, Sister Isolina, as a Catholic nun, creates such an elevated moral imperative that it is difficult for at least some funders to say no. Her skill is reminiscent of the late, dear and now legendary Monseigneur Geno Baroni, HUD Assistant Secretary for Neighborhoods during the Carter Administration. Father Baroni, for
example, rarely wore his clerical clothes -- but made sure to have them on when he made his
case annually before the Office of Management and Budget.

Programs like Delancey do it by creating business-like and for-profit ventures that are
linked to the non-profits. Delancey is more able to involve participants in business-like ventures
in part because they tend to be not thirteen year olds who still need to focus on school, but
young adults who, if they can be turned around, are more ready for steady employment. Other
non-profits involved with human development, like the Mid-Bronx Desperadoes Community
Housing Corporation, have integrated youth programs into economic development initiatives,
and have generated income streams from the economic development, for example, through
housing syndication. The methods of Delancey and the Desperadoes need to be spread to other
organizations.

Still, even the most successful community-based non-profits experience funding as a
constant problem, and have their bad times. Much of the reason is that community-based non-
profits are not sufficiently recognized by the public as superior service providers, on balance,
than many traditional bureaucracies. In turn, funding from the public and private sectors
remains minuscule compared to what is needed. In the last twelve years of federal
disinvestment, the situation has gotten worse, even though Presidential rhetoric over this time
praised community-based non-profits. And it is more fashionable for public and private funders
to provide "seed" grants only. Insufficient attention is given to ongoing, operational support.
One way to turn around public inattention and misperception is to communicate more the cost-effectiveness of the successful and promising programs. Because these are genuinely preventive, these initiatives promise to be more enduring and more attractive to the tax paying citizen than the superficial, reactive responses that characterize too much of our public policy. They are certainly less costly. For example, the annual cost per person is over $30,000 for New York state prisons but about $16,000 for Argus and Umoja residents, $2,000 for Argus nonresidents, and less than $1,000 for Centro nonresidents.

**Better Evaluation is Needed**

Quite a bit already is known, then, about successful and promising inner city community programs. Yet good evaluations still remain the exception.

The Eisenhower Foundation has reviewed many so-called model programs issued by executive agencies, hosts of initiatives earmarked by Congresspeople in appropriations conference reports for special non-competitive set-asides, countless claims in newsletters, much testimony to Congress, and considerable television public service advertising. Most of this information is merely descriptive, not scientific. It is based on the political needs of executive decision makers or program advocates and the unregulated politics of the Congressional appropriations process -- with little acceptable evaluation evidence. Some public service advertising initiatives even claim "success" based merely on whether the public recognizes their existence, not on whether they actually produce real outcomes -- like fewer school drop outs,
less welfare dependency, less crime, less drugs, more employability or more economic development.

In the absence of sound evaluation criteria, national, state and local programs will continue to be supported more because they fit the political fashion of the moment or because they are able to capture media attention than because of their demonstrated effectiveness. In a time of limited resources, we can't afford that.

Experience has suggested the need for evaluations of inner city non-profit programs to include qualitative, journalistic "process" measures as well as quantitative "impact" outcome measures for up to five years with "test" and "comparison" groups. These should be measures both of change among high risk children and youth and change in the community. This means that we need to "triangulate" measures from multiple imperfect sources and studies of any one program -- so that judgments of success are based on accumulated wisdom.

The nature of service delivery in the inner city makes evaluation difficult. Typically, a small, neighborhood non-profit organization draws youth from the surrounding area. Usually, its clientele spans more than ten years, in age and no one particular age is represented in large numbers. As a result, traditional statistical tests, which require large numbers of similar individuals, often are useless for analysis of progress over time.
Moreover, by studying changes over time in only the enrolled youth, it is difficult to know whether the changes were due to the program, or due to other factors, which would have been present even without the program.

Locating and recruiting youth who can serve as comparisons for the enrolled youth is difficult for many organizations because they do not want to deny services to any youth who are in need. Gaining access to schools in order to locate these similar youth sometimes works, but often school boards and principals are reluctant to grant permission for such studies, and parental permission is difficult to obtain.

Despite these problems, there remains a fundamental need for the evaluation research recommended in this report for community organizations to compare the youth in the programs with similar youth who do not receive the services.

One solution is to use lower-risk and higher-risk youth as valid comparison groups for youth who are enrolled in prevention programs. We call this the "gap reduction model." The premise of the gap reduction model is that youth who are enrolled in community social service programs possess behaviors, attitudes and characteristics that are somewhere in between lower-risk youth and higher-risk youth. In other words, some youth have higher school grades, better school attendance records, less or no criminal involvement and less or no involvement with drugs. And other youth have been referred to the juvenile justice system, are out of school and are drug-addicted.
The gap reduction model tracks groups of these extreme youth in order to compare them to the program youth. Over time, the gap between program youth and the lower-risk youth should narrow, while the gap between program youth and higher-risk youth should widen.

Such a strategy has potential, we believe, for at least two reasons. First, it is easier to locate and keep in contact with youth whose behaviors and attributes are regarded as positive than to keep in contact with youth whose behaviors and attributes are regarded as negative. School principals, who feel flattered that their students are regarded as role models, might be more willing to cooperate with researchers. Second, youth whose behaviors are so bad that they are in the juvenile justice system can be regarded as examples of the worst-case outcome for program youth.

The Eisenhower Foundation currently is employing such gap reduction measures in evaluation of several inner city community programs.

At the same time, we need to be careful about too much quantitative evaluation too soon. Donald Campbell, whom many regard as the dean of American program evaluators, says, "Evaluate no program until it is proud." In other words, wait until program staff themselves have concluded that there is "something special that we know works here and we think others ought to borrow."
Among federal agencies, the Center for Substance Abuse Prevention has come closest to meeting these standards for the evaluation of community based initiatives. Other agencies lag far behind, have vague or nonexistent evaluation guidelines and provide few scientifically based rationales for their regulations. For example, given that experiences, like Project Redirection (above) have shown that up to five years are needed before community programs in devastated areas can demonstrate success, why does the Department of Health and Human Services allow only two years for its anti-gang demonstrations and the Justice Department only three years for its demand reduction and police-community initiatives?

To begin the process of reform, we recommend hard-hitting Congressional hearings and critiques by Office of Management and Budget, the U.S. General Accounting Office and the Office of Technology Assessment to expose the inadequacy of most federal evaluations of community-based, high-risk youth initiatives, and to devise strategies to reverse the politicalization of evaluations, which has occurred especially during the last twelve years. Non-profit organizations in the private sector must advocate tenaciously until this is done.

**Replication is Possible But Not Easy**

In a speech before the nation’s governors, President Clinton has talked about "the need to make exceptions to the rule." In the private sector, he said, exceptions do become the rule quickly, if they are successful. Everyone else in the market needs to adopt or be driven out. But, in the public sector, he said, it is much more difficult to make exceptions the rule.
These are important insights. It is true that the "social technology" of how to replicate inner city community-based non-profit programs is rather primitive. However, as the considerable success of the replication of Centro already suggests, the difficulties that must be overcome are, in the words of Lisbeth Schorr, "not insurmountable." David Hamburg, President of the Carnegie Corporation believes that "we know enough to act and can't afford not to act." During a recent Eisenhower co-sponsored delegation to France to observe successful youth programs there, a high official in Lyon added, similar to Dr. Hamburg, "in France, we figure out the right thing to do and we do it." And Joy Dryfoos, in Adolescents at Risk concludes:

Enough is known about the lives of disadvantaged high-risk youth to mount an intensive campaign to alter the trajectories of these children. Enough has been documented about the inability of fragmented programs to produce the necessary changes to proceed toward more comprehensive and holistic approaches.

Lessons on How to Replicate

The conclusions of observers like Schorr and Dryfoos and of replication practitioners like Public/Private Ventures (P/PV), the Manpower Demonstration Research Corporation (MDRC) and the Eisenhower Foundation tend to converge on lessons for how to replicate.

Sound evaluations are needed as a baseline first to be sure of what to replicate -- that is, what seems to work. Careful evaluations are needed of the replications themselves, to show that they achieve the same consistent results. Such evaluations need to be especially sensitive to "implementation failure." That is, we can already assume to some extent that the program idea
is sound -- at least in the location where the initiative originally demonstrated success. But the replication may still fail because of inadequacies in the day-to-day process of implementation.

To guard against such inadequacies, the replications must build on the lessons which we have been able to glean from the original successes, above. In other words, the replications, too, must be grassroots, multiple and flexible in the solutions, staffed with patient and dedicated people, managed well and adequately resourced over sufficient time. Replications to date also have concurred on the need for ongoing technical assistance and quality control, including well-packaged training materials.

Most informed observers and practitioners agree that it is wrong to assume that replication is severely limited by a dearth of "exceptional and unique leaders." Persons like Elizabeth Sturz, Mimi Silbert and Isolina Ferre are exceptional. But Argus, Delancey and Centro were able to find extremely competent individuals to run the replications and program spin offs. When replications have been run by national organizations, like P/PV, rather than directed by an originating community group, competent local implementation staff also were found to be widely available.

*It is the replication of general principles, allowing for significant local variation, that seems to work* --not detailed, "cookie cutter" copies of the original. Li Schorr:

Every program successfully serving high-risk populations has some attributes that are fragile, involve complex human relationships, and do
not lend themselves to mass production. Just as "teacher-proof" curricula have not worked, there are no "community-proof" or "people-proof" programs in any field of human services. The most successful practices do not lend themselves to mechanical or even rapid transfer from one setting to another. Communities and institutions differ sufficiently to require adaptation of the most proven techniques to fit new situations. What should be done and how it is best done will vary from place to place. Furthermore, those implementing the program in new settings must be able in fundamental ways to make it their own.

Thus, for example, the police residential mini station in the replication of Centro is unique to the replication site and fits the perceptions and priorities of the replication director which were shaped by her membership -- and that of the San Juan Police -- on a delegation to Japan to observe residential police mini stations there.

Successful replication of inner city youth initiatives also seem to integrate "bubble up" functions by the community group -- which leads in planning and development, undertakes local needs assessments, resolves local political problems, creates local consensus and manages the program -- with "top down" functions by technical assistors -- who help organize funding, help create non-profit/for-profit linkages, provide access (including travel) to other programs which offer new ideas, improve management, orchestrate quality control, lead evaluations in coordination with the community, and disseminate results through the print and electronic media in ways that also help raise ongoing financial support.

There is no necessary conflict, then, between "bubble up" and "top down." Both are needed.
The Biggest Obstacle: The Public Bureaucracy

The Kerner Commission asked that we:

Bring the institutions of local government closer to the people they serve by establishing neighborhood outlets for local, state, and Federal administrative and public service agencies.

France has excelled in such community-based integration of services and "one stop shopping." With a few exceptions in a few places, America has failed.

It is not surprising, then, that those who have thought about and undertaken replications at the community level tend to agree that the public sector bureaucracy is the biggest impediment to widespread replication.

Public sector funders have little knowledge of and experience in how to cross institutional and jurisdictional boundaries to create the multiple solutions that work. At the federal level, the relevant guilty bureaucracies are the Departments of Labor, Education, Health and Human Services, Justice and Housing and Urban Development. In the words of Schorr:

Considering all the literature on fragmentation of services and on the tragedies that result when referrals fail and services don't reach those who need them most, it is astonishing to see how many public officials and program administrators seem uninterested in the day-to-day functioning of human services agencies. Professionals, politicians, advocates, and caring citizens must all give greater attention to the detailed questions of how
matched by private funds.

We propose here a new, national Corporation for Youth Investment as the non-profit, private sector intermediary that would do just that.

As we envision it, the Corporation could be quickly established via discretionary funds from the federal Departments of Labor, HHS, Justice and HUD, though it should develop, based on good performance, its own authorization and appropriation. With public funds, it will need public oversight, but we encourage operating autonomy from the traditional bureaucracies, which are so much part of the problem. The entity must be firmly established in the private sector.

A private, non-profit national institution would, based on our experience, implement programs more efficiently and rapidly than a public sector institution. It could leverage public funds against corporate and other private sector funding better than a public agency, and could promote youth investment with a more business-like image. There also could be increased tax-related opportunity owing to corporate-like "packaging" of the institution. For example, it might be possible to enact a federal tax credit to corporations that provide loans and grants to such a Corporation for Youth Investment.

A private sector entity would allow assembly of a talented, dedicated private sector staff, with private sector salaries and a commitment to remain with the institution for a sufficient time -- at least five to ten years -- to make a national impact. By contrast, assistant secretaries and
deputy assistant secretaries in the federal bureaucracy stay on the job for an average of about twenty months. This makes it more difficult to develop a long-term program of carefully implemented and cost-effective reforms.

Based on the lessons from the street which we have just reviewed, the new Corporation would facilitate grass roots community-based non-profit replications that yield multiple and flexible solutions that are creatively led, well managed, adequately salaries and resourced, technically assisted with careful quality control, sensitively evaluated and well accessed to the media. Local bubble up variations will need to emerge, with vital top down Corporation facilitation playing a supportive rather than obstructive role.

To some degree, the Corporation can be guided by two national non-profit intermediaries which already have established sound track records of achievement -- the Local Initiatives Support Corporation (LISC) and developer James Rouse's Enterprise Foundation.

**The LISC Model.** The Ford Foundation created the private-sector LISC over a decade ago. The purpose of LISC was to generate non-profit community development organizations. LISC has been described as "way ahead of the learning curve" by corporate executives assessing progress on anti-poverty programs. Here we have an effective non-profit model of a national intermediary organization in the private sector that can deliver funds and technical assistance to community-based organizations. In building on this model, the Corporation for Youth Investment need not be focused on economic development per se as much as on social
bureaucracies actually deal with people. They must come to recognize that highest priority must go to efforts to combine disparate programs into coherent combinations of services in neighborhoods where persistent poverty and social dislocation are concentrated. Government agencies must review their funding policies and regulations to identify the most important impediments to providing coordinated services and seek their removal. Government at all levels must join with foundations and other private institutions to assure local communities the skilled technical assistance and the additional funds that will be needed to provide effective services to truly disadvantaged populations.

As part of this enormous bureaucratic blindspot, public agencies typically do not, given their legislative mandates, easily cover the costs of many of the functions we have articulated as key to successful replications — like the packaging of written guideline materials, technical assistance, management training, quality control, evaluation and guidance on how to use the media.

Much of the trouble originates with the ignorance of the lawmakers who write authorizing legislation. So reform must begin with reports by, in the case of the federal government, Congressional watchdog groups, the General Accounting Office, the Office of Technology Assessment and the Congressional Budget Office — on how to redraft laws to allow budget allocations for comprehensive programs and replications.

In the federal Executive Branch, after the summit that is needed on the legacy of the Kerner Commission (See Chapter 8), an interagency Task Force on Replicating What Works
should be co-chaired by outside experts like Schorr, Dryfoos, Silbert and Sturz—and kept under the strong control of the White House. Part of the Task Force’s mandate should be to significantly expand interagency co-targeting of funds. There are some solid, if modest, precedents. The federal Interagency Urban Initiatives program of the late 1970s co-targeted resources among Labor, Education, HHS, Justice, HUD and even Interior (the Urban Parks Program). In the mid-1980s, HHS and Labor co-targeted resources in a community-based youth initiative that specifically included models like Centro and Umoja in the program announcement.

Nonetheless, interagency agreements have always included considerable turfing among agencies, often have been dependent on the personalities of assistant secretaries, and rarely have covered the materials, quality control, management training, evaluation and media costs necessary for success. The alternative strategy therefore would be to reorganize agencies so that a single entity could fund and oversee community-based multiple solutions. Consequently, any Task Force on Replicating What Works might be integrated with other federal government-wide changes in structure, operations and personnel — as long as the needs of the truly disadvantaged are not lost within a broader mandate. The same needs to be done at state and local levels.

**A National Corporation for Youth Investment**

Such consolidation need not necessarily create a public entity. It might be a national non-profit intermediary, or series of intermediaries, that would be funded with public funds and
development, youth investment, gang prevention, school dropout prevention, crime prevention, drug prevention, job training and job placement -- which ultimately can be tied to economic development that is supported by community policing.

Corporation financing should be for neighborhood-based and specifically inner-city groups, which show promise but need an infusion of capital and management training so that they can reach a critical mass of operations and financing to proceed on their own, integrating social and neighborhood development in a reasonably concentrated geographic area. Just as important, the Corporation should finance replications of new organizations.

Grants will be necessary for many new and emerging organizations. But when there is sufficient capacity in an organization, the Corporation may be able to make loans as well. Here a revolving loan fund might be appropriate. Following the example of LISC’s Local Initiatives Managed Assets Corporation, the Youth Investment Corporation can consider a mechanism for sound loans. This can increase the velocity of lending by the Corporation.

The Rouse Model and For-Profit Linkages. The Rouse Corporation, chaired by nationally known real estate developer James Rouse, channels some of its profits to the non-profit Enterprise Foundation, which rehabilitates housing in low-income communities. Similarly, the Corporation for Youth Investment should make grants or loans to inner-city non-profits which create or strengthen for-profit entities. Over time, the for-profits would generate income streams which could, at least partially, finance the operations of the parent non-profit social
development and youth investment activity.

The non-profit/for-profit linkages would be crucial to generate more financially self-sustaining mechanisms at the grassroots level. In this way, the Corporation for Youth Investment would not just throw money at the problem, as has been the case with prison-building over the last twelve years. We have sufficient experience not to claim that creating or strengthening viable for-profits in the inner city will be easy. Nor will it be any easier to link them to non-profits. But the Rouse experience, combined with the non-profit structure, yet business-like operating style of organizations like the Mid-Bronx Desperadoes in New York and Delancey Street, San Francisco, already provide a solid point of departure.

Based on the multiple solutions, above, that we have found to underlie success, the Corporation for Youth Investment should fund the creation or enhancement of comprehensive programs that are evaluated to yield less gang behavior, less crime, less drug abuse, less welfare dependency, fewer adolescent pregnancies, higher self-esteem, more school completion, more successful school-to-work transitions, more employability and more economic and psychological self-sufficiency among targeted high-risk youth.

We do not expect all organizations to achieve all of these objectives. But each should have multiple outcomes, based on locally tailored needs.
Another objective should be success in the for-profit activity (which would be a source of employment for the youth).

To have a national impact, we recommend that the Corporation for Youth Investment itself be funded at about $500 million per year. The Corporation should leverage at least $1.00 in private sector, state and local government hard-cash matches for each federal $1.00 granted to a community-based organization.

**Management Training.** As part of the Corporation, a Youth Management Training Institute should provide a sort of Harvard Business School, Wharton School or Yale School of Management for executives and staff of inner-city social development and youth services organizations. As we have seen, successful and promising community-based organizations have good management. But far more groups appear unsuccessful, and poor management is one reason. More resources are needed, but, even with them, well-meaning program operators in these programs are not necessarily good managers. We hope that improved administration, managerial, staff and financial management skills can, therefore, stretch scarce dollars, whatever the funding level, and mitigate against staff "burnout."

There already is an excellent national Management Training Institute for non-profits, located in Baltimore. It focuses on economic development agencies, and offers year-long training curricula. Each cohort of trainees spends some time together learning as a group. The
rest of the year is spent applying back in the community the lessons learned, with on-the-spot technical assistance visits by Management Training Institute staff. The Corporation for Youth Investment should use this strategy as a point of departure for designing training suitable to staff of non-profit organizations oriented specifically to youth services and social development.

**Local Targeting.** Local community organizations should receive grants and loans from the Corporation only if the local public and private sectors, working cooperatively, insure that all qualified individuals are placed in employment that has potential for leading to permanent labor market jobs, not just temporary "make work." The Corporation should encourage jobs in the immediate inner-city neighborhood of the community organization and demand a mix of employment in both service provision and economic development. This would help promote development of the immediate inner-city economy and help start the rehabilitation of housing and the inner-city infrastructure, so jobs and resources do not "leak out."

The Corporation should encourage local grant recipients to negotiate problem-oriented policing strategies with the local mayors and/or city councils. This should help stabilize the neighborhood for economic development and stabilize the lives of youths monitored by police.

Mayors should be asked to appoint coordinators to facilitate partnerships among the community-based organizations in the lead, other government agencies, the police and the private sector. Here the Corporation would build on existing successes, like the coalition-building
engineered by The Robert Wood Johnson Foundation in its national "Fighting Back" program to combat the demand for alcohol and illegal drugs; the multiple youth employment, teen parenting and dropout prevention solutions forged by the Annie E. Casey Foundation's "New Futures" program; and, the local social development and crime prevention collaborations with which the French have had much success.

Inner-city non-profits should be required to involve and build leadership among youths in their immediate neighborhoods. These should not be programs designed to divert youths to locations all over the city. By making the innovations neighborhood-specific, the Corporation for Youth Investment would seek to create an interactive process between positive change among specific individual youth and positive change for the community as a whole.

**Moving Beyond the Kerner Commission**

The proposed Corporation for Youth Investment, as LISC and the Enterprise Foundation, move considerably beyond the vision of the Kerner Commission. In passing, the Commission referred to "the great potential in private community development corporations...." But the Commission was not particularly prescient in forecasting the roles of national non-profit intermediaries which work directly with local non-profits -- with funding but minimal bureaucratic interference from the federal government.
At the New Community Corporation in Newark, which was founded by Msgr. William Linder after the riots of 1967, children and families receive multiple services, including day care, preschool, medical care and housing. With annual operations of $80 million, NCC has become the largest nonprofit housing provider in New Jersey, and one of the largest in the country.

Photo by Laura L. Comppen, 1992.
4. **REFORMING INNER CITY SCHOOLS, JOB TRAINING AND THE "WAR ON DRUGS"**

To complement the expansion of community based non-profit organizations and of Head Start (much of which works through community non-profits), the nation cannot give up on its inner city public schools. The national job training and placement program needs extensive change to better build on the success of Job Corps, must be funded at pre-1980 levels and should be implemented much more via community based non-profit organizations. The 70/30 percent funding split between drug supply side and demand side programs needs to be reversed to 30/70, as in France, with the increased spending on prevention and treatment.

The school, job and drug reform to which we now turn in Chapter 4 are just another part of the interrelated, multiple, flexible solutions which appear to work best. Here, again, there are positively evaluated programs to replicate--or at least, in some instances, promising programs which deserve more careful assessment.

**Inner-City School System Innovation**

Figure 16 shows how American thirteen year olds lag behind their counterparts in European and Asian countries. The performance gap is much greater for poor, inner city American kids.
Figure 16

SCHOOL PERFORMANCE, BY NATION

<table>
<thead>
<tr>
<th></th>
<th>U.S.</th>
<th>SWITZERLAND</th>
<th>FRANCE</th>
<th>KOREA</th>
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</thead>
<tbody>
<tr>
<td>MATH SCORES*</td>
<td>55%</td>
<td>71%</td>
<td>64%</td>
<td>73%</td>
</tr>
<tr>
<td>SCIENCE SCORES*</td>
<td>67</td>
<td>74</td>
<td>69</td>
<td>78</td>
</tr>
<tr>
<td>GRADUATION RATE**</td>
<td>74</td>
<td>88</td>
<td>85</td>
<td>NA</td>
</tr>
</tbody>
</table>

* Percent of questions answered correctly on a standardized test given to a random sample of 13-year-olds in these countries in 1991
** Students finishing secondary school as a percent of the graduation-age population
NA = not available

We believe that America must save its inner-city public schools, as part of a comprehensive policy, and use them as institutional vehicles for change, working with community organizations. Beyond Head Start, we believe that new national policy for the inner city should be based on reform of the Elementary and Secondary Education Act of 1965, adaption of the National Urban Schools Program and other structural school innovations proposed by the Carnegie Foundation for the Advancement of Teaching and the Carnegie Council on Adolescent Development, replication much more widely of the James Comer School Development Plan, replication of variations on the Eugene Lang "I Have A Dream" Program and the Cities in Schools Program if evaluations prove them successful, further development of high school apprenticeships and vocational training, replication of successful desegregation plans like that of St. Louis and experimentation with community service to repay college loans -- but initially for inner city students only.

Reform of the Elementary and Secondary Education Act of 1965

Funded by the Edna McConnell Clark Foundation and the John D. and Catherine T. MacArthur Foundation, an independent commission has released a new report, *Making Schools Work for Children in Poverty*, that calls for reforms in Chapter 1 of the Elementary and Secondary Education Act of 1965. Chapter 1 is the federal government’s main program for helping to improve basic academic skills of poor children. Chapter 1 presently allocates over $6B per year, one-fifth of the federal education budget, to about two-thirds of the nation’s schools.
The report praises Chapter 1 for helping a generation of impoverished students improve in reading, writing and math since it was created in 1965. However, the Commission finds that too little money reaches the poorest of the nation’s schools and that the program’s key element—pulling poor children out of class for twenty-five minutes of tutoring each day—is not in touch with current educational thinking. Accordingly, the Commission’s main recommendations are that:

- States should set higher academic standards for all children.

- States must develop and enforce a system of rewards for schools that succeed and assistance for those that fail.

- Schools should spend twenty percent of their Chapter 1 allocations on curriculum and staff development.

- Schools should be free to spend Chapter 1 money to meet their perceived needs, unlike the more rigid present system.
- Schools should develop better ways to assess students, instead of the standardized test now used.

- Parents should receive clearer reports than at present on their children's academic progress.

- States must better co-target their health and social services with public schools that receive Chapter 1.

We endorse these recommendations.

The Carnegie Proposals

Much of the Chapter 1 reform proposed by the Commission in *Making Schools Work for Children in Poverty* is consistent with the report, *Saving Urban Schools*, by the Carnegie Foundation for the Advancement of Teaching. The Carnegie Foundation calls for strong national leadership, backed by federal financing for a proposed National Urban Schools Program, modeled in spirit on the Rural Extension Act that was passed decades ago to assist American farmers. Although federal funds would seed local reform, Carnegie believes that state and local governments have the prime responsibility for the fiscal health of public education. One reasonable guideline is one new federal reform dollar for each eight state and local dollars. This
is a modest increase over the seven percent the federal government currently pays for public education.

Carnegie advocates a national policy of greater equity in urban school financing, which means more money for inner-city schools and a commitment to educate all children, even those from the most difficult backgrounds. Beyond early education, Carnegie calls for new local governance procedures. If, after a reasonable period, a specific urban school fails to meet objectives that have been clearly agreed upon in advance, officials from the school system have the power to intervene. Carnegie believes that the range of such intervention should include professional consultation, new leadership in the specific school, and, in the extreme, the closing of the school.

Similarly, the Carnegie Council on Adolescent Development has urged that national policy must proceed beyond early education and pay more attention to continuity with middle school youths ages ten to fifteen. The Council points out that, although youths in this age range are vulnerable to failure and high-risk behavior, they are still impressionable and can be positively influenced -- as we have seen, for example, with the progress of high risk youth in programs like Argus, Centro and City Lights.

Consequently, the Carnegie Council calls for federal leadership to encourage local change. Rigid class schedules should be replaced with cooperative learning in which students
work together in small groups. Teams of about one hundred twenty-five students and five or six teachers should remain together throughout middle school, until students advance to high school. A core academic program should promote critical reasoning and include community service. California and Florida have begun implementing many of these changes, and the Edna McConnell Clark Foundation is funding demonstration programs to revamp middle schools. Policy planners need to follow the experience of Clark closely and build on its lessons.

The Comer School Development Plan

Sensitive to the Carnegie call for new local governance procedures, the Comer School Development Plan makes school a more productive, better managed environment for poor minority children. Developed by James P. Comer, Maurice Falk Professor of Child Psychiatry of the Yale University Child Study Center, the plan is a form of school-based management in which parents, teachers, and teachers’ aides form a school governing team, which establishes the school’s curriculum, activities, attitudes, and values.

Within this management and governance framework, a parent participation program involves parents in classroom and other school activities. A parent is hired to work in each classroom on a part-time basis. In addition to serving on the governance team, parents are encouraged to volunteer as teacher’s aides, librarians newsletter staff and social activity organizers.
A school psychologist and other personnel reinforce work in support of the process by providing direct services to children and advice to the school and parent leaders.

The academic curriculum established by the governance team is flexible. It varies from school to school, based on the priorities of the team and the needs of the children, just as successful inner city community-based programs combine comprehensiveness with flexibility.

Students in two New Haven, Connecticut elementary schools where the full program was first demonstrated between 1975 and 1980 showed improvement in attendance and academic achievement. One school ranked fourteenth in attendance among New Haven Public Schools in 1975-1976. After the program was begun, the school ranked eighth or better in all but two of the subsequent nine years. Graduates of one of the demonstrations were compared as seventh-graders with their classmates from another elementary school serving children of the same socioeconomic status. The Comer graduates had considerably higher language skills, math skills, and work study skills than the comparison youth.

As a result of the demonstrated success, the School Development Plan is now being replicated widely in inner city schools throughout the nation. Professor Comer observes, "We haven’t had a serious behavior problem in the schools where we have been involved in over a decade." He believes that the strength of his plan is its concentration on institutional change for the entire school. This also is one of the few programs evaluated as successful in inner city locations which has significantly involved parents.
"I Have A Dream," and State Variations

Whereas the Comer plan seeks institutional change, the "I Have A Dream" Program created by Eugene Lang places a premium on mentoring individual youth. The program originated when Mr. Lang, a wealthy businessman and philanthropist, returned to his elementary school in East Harlem and promised to pay the college tuition of every graduating sixth-grade class member who finished high school and qualified for higher education. Today, about two-thirds of the kids in this class have received high school diplomas or general education diplomas (GEDs). More than half are enrolled at least part-time in public and private colleges; only one is in prison. School dropout rates -- and correlated crime -- are far higher for comparable young people in East Harlem. A skeptical former Deputy School Superintendent said, at the time of Mr. Lang's promise, "If fifty percent of those kids are going to college, it's a small miracle." Mr. Lang's "I Have A Dream" Foundation now is replicating the idea around the nation, in tough, inner-city schools.

A promising, comprehensive elementary school plan at the state level that builds on the Lang concept is the Rhode Island Children's Crusade. The state of Rhode Island provides state college scholarships for low-income pupils, combined with academic and remedial help from third grade through high school. The only requirements are that parents allow state monitoring of report cards and that students obey the law, shun drugs, avoid early parenting and, of course,
do not dropout. Pupils are tutored, and paired with mentors throughout primary and secondary school. When old enough, top performers can secure summer jobs, where they can serve as role models to others. At present, the Crusade does not have the funds to pay for this employment.

The Rhode Island plan, which is contingent on the state matching funds with the private sector, builds on New York State Liberty Scholarships for low-income students, but Rhode Island enrolls them at an earlier age and provides educational and social assistance.

The key to these and other related programs seems to be not only the assurance of the college education but also the provision of a mentor:

American scholars lack much verifiable data on what prevents dropouts, but the few studies attempted and the experience of nearly every educator who has ever faced a discouraged student seem to converge on a crucial point: the need for at least one adult to establish a relationship of trust with each youth, providing a secure outlet for fears and enthusiasms and living affirmation that someone cares if that student leaves school.

Public/Private Ventures is undertaking a comprehensive evaluation of "I Have A Dream." If the evaluation is positive, we endorse replication around the nation of the original Lang concept and the later state variations. We also believe that there is considerable potential for merging the institutional change goals of the Comer plan with the individualized mentoring and financial support of the Lang plan.
Cities in Schools

Cities in Schools is a dropout prevention program that operates out of schools or alternative locations in more than sixty communities across the U.S. The key to Cities in Schools is the repositioning of existing public and private agency service providers into school locations. There, they serve alongside teachers, as a coordinated team that delivers multiple solutions. Typically, the teams includes social workers, employment counselors, recreation coaches, educators, health professionals and volunteer mentors. Students at risk of dropping out are referred by teachers, school administrators, probation officers, parents and others. A mentor case manager is assigned to each student. The case manager provides services and brokers the services of others on the team.

Communities vary in program design. Some operate alternative schools, and some offer special life skills classes and other forms of remediation and tutoring. A wide array of partnerships have been established -- with organizations like the Boys and Girls Clubs of America, VISTA, the United Way, and the Junior League. In Atlanta, the program is implemented with Rich's Department Store. In New York City, it operates in three school districts, teaming up caseworkers from the Human Resources Administration with recreation workers from the Department of Parks and Recreation.
Unfortunately, long-term control group evaluations have not been undertaken. However, internal Cities in Schools' reports point to much lower dropout rates than the national average of thirty percent.

One of the values added by Cities in Schools is that it links school-based programming to community-based non-profit programming. Both are needed. In addition, there is potential that Cities in Schools services could complement the institution-wide management and governance changes in the Comer plan and the individualized attention and future education financial assurances of the Lang plan and its state variations. There is no reason why a single school couldn’t integrate all three strategies into a flexible multiple solutions plan that further coordinates with community-based non-profit programs. However, Cities in Schools, as "I Have A Dream," needs a comprehensive evaluation before we can recommend more widespread replication.

**High School Apprenticeships**

The Kerner Commission recommended, "Reoriented vocational education emphasizing work-experience training and the involvement of business and industry."

But attempts to blend high schools and job training have been unsuccessful in the U.S. since the Kerner Commission, for the most part. Only a few thousand students now are in youth apprenticeship programs, in about twenty states. What gives these programs potential, however,
their advocates say, is the intensity of the training and the goal of a certifiable skill universally recognized by employers.

Probably the best model for vocational training and apprenticeship is Germany. There, approximately two thirds of the country's students participate in a formal apprenticeship program. It offers training in three hundred seventy-five occupations. A social compact promises a likely job when they are finished. German students not planning to attend college usually chose their occupations as young as age fourteen. The duel system of work and study is the core of career training in Germany.

The system is considered a major reason for Germany's long economic boom and a key to why Germany's high-tech workers are admired from Detroit to Tokyo. German corporations recognize the good outcomes, see the system as a pipeline for future employees and so are willing to pay a great amount -- forty percent of the system's cost.

Principal responsibility for overseeing the German system lies with the Federal Labor Agency, a sprawling non-profit corporation run by representatives of business, labor and government. It also is the largest employer of psychologists in Germany, and offers a range of testing services devised to bring each citizen into the career where she or he will be happiest and most productive.
Much of this may not work in the U.S. Here, the education system has long considered early tracking of young people to be a form of class oppression that consigns them to working class lives at an early age. General education is seen as a requirement of American democratic society.

Still, with the new Administration's commendable search for making the American labor force more competitive, more American public officials are studying Germany's approach. And many high schools in inner city areas do want to build closer links to businesses. In addition, there is considerable incentive right now for businesses to reach out to high schools in the U.S. Based on projected demographic trends, the number of eighteen year olds in the population will not again reach present levels until the year 2003. Consequently, companies are being increasingly forced to reach out to inner city minorities, many of whom are unskilled. Companies have an incentive to train the disadvantaged. Cities in regions that have the most success in such training will have the edge over other regions in the U.S. and foreign competition. Basic skills in English and math are essential. But the level of training must rise even more--because international competition demands more skills. Even simple clerical work now often requires computer knowledge.

What programs are available as partial models for how high school students, particularly in inner city neighborhoods, can both acquire these basic skills and receive vocational and apprenticeship training that can lead to solid jobs?
Some of the answers seem to lie in still experimental programs like Project Prepare in Chicago and Project ProTech in Boston.

**Project Prepare.** Project Prepare, which began five years ago as a private, non-profit project backed by federal funding through the Eisenhower Foundation and by state funding, is a comprehensive vocational skills training program for at-risk teenagers in three inner-city Chicago public high schools. Implemented by Youth Guidance, Inc., a citywide, non-profit community organization, the multiple solution project offers intensive job skills training linked to job placement and support services (such as counseling and crisis intervention). One key component of Project Prepare is the partnership with local businesses who help train students in exchange for offering them jobs upon completion of the program.

Two hundred and seventy-two students in three schools participated in the first year of the project; another two hundred and twenty-seven students served as comparisons. (They did not receive services from the project but continued in standard vocational education courses.) Upon entry into the venture, both project youth and their comparison groups possessed similar low grade point averages, low job readiness skills and low class attendance rates. The program’s planned services were implemented fully in one school, Roberto Clemente Community Academy, and in lesser degrees at the two other schools. As might be expected, full implementation yielded stronger improvements in students’ attendance, job readiness and retention rates.
At Clemente, Hyatt Hotels Corporation has built a state-of-the-art kitchen which trains students in culinary arts, donated a chef from Hyatt to train them and instituted a three-year curriculum and internship program. Students like the food vocational education program because of the high-tech equipment, serious commitment from Hyatt and the dynamic teachers and counselors. The annual operating cost of the project, including the corporation's donations, amounts to less than $2,000 per youth.

The evaluation of the first year of the project showed that Clemente students who received Project Prepare's comprehensive services improved their job readiness skills and attendance rates and stayed in high school longer than comparison students. These differences were statistically significant. Dropout rates at Clemente for Project Prepare students were thirteen percent lower than for comparison students.

These evaluation findings are sufficiently promising to allow for replication. Accordingly, Project Prepare has now expanded to another inner-city high school in which the McDonald's Corporation has pledged to train and place fifty two sophomores from Wells High School after they complete a three-year, intensive management and business curriculum modeled after McDonald's Hamburger University management courses. While attending the courses and finishing high school, the students are eligible for part-time jobs with local owners-operators of McDonald's restaurants. An evaluation of the replication currently is underway.
**Project ProTech.** A related program is Project ProTech in Boston. Members of this youth apprenticeship program spend part of their day in high school and the rest of the day cultivating a marketable skill—in this case as a hospital technician. Students in Project ProTech are promised part-time hospital jobs during two years of high school and two years of junior college. After that, they are supposed to be certified in a skill marketable in the medical industry. Currently, students are working in areas like histology, radiology, and hematology. Part of ProTech’s promise is that it centers on an expanding industry—health care—where future employment opportunities are likely to be plentiful. However, the program is very new, there is no real evaluation yet and it is uncertain in terms of how many high-risk youth who can be employed. It also is expensive. With a federal grant of almost $1M, the program is able to serve only one hundred and twenty of Boston’s 15,000 high school students. Accordingly, a comprehensive evaluation first is in order and then an assessment needs to be undertaken of the potential for replication.

**School Desegregation**

The Kerner Commission called for:

Sharply increased efforts to eliminate de facto segregation in our schools through substantial federal aid to school systems seeking to desegregate either within the system or in cooperation with neighboring school systems.
Twenty-five years later, the continuing reality of school segregation is "like a family secret that will not stay hidden," exposing "the unresolved and politically explosive issues of race, class and poverty in American life."

Over the last twelve years, courts have moved away from ordered busing, aiming for a mix of required desegregation goals and incentives like specialized magnet schools.

However, despite years of negative publicity about busing, desegregation has worked in dozens of small and middle size cities--and some large ones, as well. For example, one model of success since the Kerner Commission has been St. Louis. A settlement there gave inner city children the right to attend suburban schools. About one-third of those eligible, 14,000 children, have ventured into the suburbs since the mid-1980s. Because suburban parents did not have to bus their children into the inner city, the plan was accepted by them.

While inner city families won the right to access suburban public schools, the St. Louis experience also illustrates the complex situation they face. Inner city children have to brave a largely alien world. The inner city families more likely to choose the suburban integration are better educated, more aggressive and more self-confident. Children of some of the most troubled families are left behind in the worst schools. Because residents in many cities carry the main burden of busing and because when some inner city schools are closed principals and teachers--usually minorities--can lose their status in the system, some inner city parents now
would rather have all-minority schools they can oversee, perhaps via the Comer School Development Plan, rather than participate in desegregation.

This dilemma illustrates the most difficult present issues in desegregation -- the enormous gaps in spending between the rich school districts of the "fortunate fifth" of the income distribution and the poor school districts of the truly disadvantaged, the connection between segregated housing and segregated schools, the consequences of white flight to better public schools in the suburbs, and a backlash against desegregation by some whites as well as African Americans.

Said one veteran desegregation lawyer, "I am more convinced than ever that if we're talking about providing real educational opportunity, then we have to confront the issue of racial and economic isolation.

Policy has been further complicated by what we believe to be the failure of the Supreme Court over the last twelve years to take the leadership role it should. Because the Supreme Court has refused to hear key cases, the cases are decided in the lower courts.

We believe that inner city public schools should be saved, and that the first priority is to lift their performance to that of the best suburban schools. Simultaneously, we believe that families should have the opportunity to send their children from poor inner city public schools to richer public schools, usually white, if they so choose. Given the lack of leadership by the
Supreme Court, vision now needs to be reestablished in the Executive Branch. Desegregation can be given a huge boost via the bully pulpit, by the President spreading the word on where and how desegregation has worked well, and by the Education Department allocating more funds to school systems that are prepared to replicate those desegregation successes, like St. Louis -- as part of an overall inner city public school enrichment plan like the Carnegie Foundation’s National Urban Schools Program.

With regard to the straw-dog issue of private school vouchers raised during the 1992 Presidential campaign, although it is important to provide inner city families with as much choice of schools as possible, federal responsibility must focus on upgrading inner city public schools and on the children from the most troubled homes who need attention most. In this context, voucher schemes that would allow low-income families to spend vouchers at either public or private schools do not provide nearly enough funds for inner city kids to go to the top private schools. Nor do the private schools have the incentive to provide quality education for truly disadvantaged children. Vouchers for private school tuition therefore would drain tax dollars from the public schools, weakening them further.

Crucially, public school desegregation policy must be part of a broader, multiple solution federal plan to discourage spatial segmentation. In terms of segmentation caused by income disparity, the need is to reform job training and placement for inner city residents and to assure that jobs are permanent, primary legal labor market employment (see later in this chapter), and to make the federal income tax more progressive (see Chapter 7). In terms of segmentation
caused by housing segregation, the need is to fully replicate for all those qualified the successful Gatreaux model in Chicago which uses housing vouchers to promote suburban integration (Chapter 5). Gatreaux should be accompanied by carefully implemented plans to keep the middle class in or to bring them back to urban neighborhoods, as long as lower income families are not pushed out and are given good employment and educational opportunity. In terms of segmentation caused by loss of tax bases from the central city to the suburbs, the federal government needs to condition grants to states and localities on local agreements to share across the entire metropolitan area (including suburbs) the value of commercial property, as well as other elements of the area-wide tax base, for property tax purposes -- following the successful model, for example, of Minneapolis/St. Paul (Chapter 7).

**National Community Service**

The concept of forgiving student loans in return for national service is an admirable one. However, given our priority here on the inner city and many other competing demands on the budget, including debt reduction and infrastructure development, we do not believe that a full fledged program is affordable at the present time. How can the federal government foot the bill for an $80,000 loan to finance an Ivy League education and also pay for the subsistence living package, with health benefits, of the graduate who would work off the loan with two years of community service?
We recommend, instead, an initial, modest pilot program that allows some students from inner city backgrounds to pay off loans with service in community-based non-profit organizations, inner city schools and community-based policing. This could help address the decline in college enrollments of minorities in recent years and respond to the Kerner Commission’s call for: "Expanded opportunities for higher education through increased federal assistance to disadvantaged students." For students from better off families, we recommend that, for now, we forget about forgiving their loans but, instead, make eligibility for loans conditional upon commitment to national service. A student at the higher family income level would receive a loan if the student agreed to serve. Even here, sufficient funds need to be set aside for training and supervision of such students in inner city locations. If, for example, kids from Bethesda and Chevy Chase take a colonial mentality to community service in southeast Washington, D.C., there will be no value added to youth and economic investment there, and the possibility of increased racial and class tension.

**National Education Policy for the Inner City**

Unlike Japan and many European nations, the U.S. makes its decisions about education locally, without mandates from a government ministry. The U.S. Department of Education does not build schools, hire teachers, write textbooks, dictate curricula, administer exams or manage colleges and universities.
But the federal Department of Education's mission is to expand educational opportunity, set standards, innovate new ideas which, if successful, can be replicated locally, undertake careful evaluations and disseminate information.

The Kerner Commission called for:

Efforts to improve dramatically schools serving disadvantaged children through substantial federal funding of year-round quality compensatory education programs, improved teaching, and expanded experimentation and research.

Consistent with this advice, we recommend up to $500M more per year in appropriations to the Department of Education to implement the proposed reforms of the Elementary and Secondary Education Act of 1965, implement the National Urban Schools Program proposed by the Carnegie Foundation and the middle school reform proposed by the Carnegie Council, replicate the Comer Plan much more widely, replicate the Lang Plan and Cities in Schools if comprehensive evaluations show their worth, experiment with still unproven vocational and apprenticeship training, replicate already successful vocational and apprenticeship training (like Project Prepare), push for more school integration based on plans like St. Louis that have worked, and begin a demonstration that allows inner city students to pay off college loans through community service. This level of spending should be leveraged at the rate of one new federal dollar for each eight state and local dollars, as recommended by the Carnegie Foundation for the Advancement of Teaching.
Given the magnitude of the problem, this federal focus on inner city education cannot be undertaken in isolation, and must be coordinated with the reform in and expansion of other initiatives outlined in this report -- including preschool, community-based non-profit youth investment programs, job training and placement, community-based housing and infrastructure development, community-based banking, community-based policing and inclusion of high risk youth in high tech development.

We also endorse the call by the nation’s governors for "annual report cards" on students, schools, localities, states and the federal government and the goal established by the nation's governors of making the U.S. first in math and science scores worldwide by the year 2000.

Reform of Federal Job Training and Placement for High-Risk Young People

Figure 17 summarizes how the U.S. lags far behind its major international competitors, Germany and Japan, when it comes to job training.

For example, school to work transitions are left mostly to chance in the U.S. In Germany, sixty percent of workers go through high quality apprentice programs. In Japan, there are very close relations between employers and local schools.

The U.S. has vocational education available in most urban areas--but quality varies widely, and, as we saw above, there is a need for much more demonstration and evaluation.
### Figure 17

**JOB TRAINING PERFORMANCE, BY NATION**

<table>
<thead>
<tr>
<th>SCHOOL-TO-WORK TRANSITION</th>
<th>U.S.</th>
<th>GERMANY</th>
<th>JAPAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Left mostly to chance.</td>
<td>60% of workers go through high-quality apprentice programs.</td>
<td>Close relations between employers and local schools.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>VOCATIONAL EDUCATION</th>
<th>U.S.</th>
<th>GERMANY</th>
<th>JAPAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available in most urban areas, but quality varies widely.</td>
<td>Near-universal availability, uniformly high quality.</td>
<td>Limited availability, quality fair to good.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ADULT EDUCATION</th>
<th>U.S.</th>
<th>GERMANY</th>
<th>JAPAN</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>EMPLOYER TRAINING</th>
<th>U.S.</th>
<th>GERMANY</th>
<th>JAPAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mostly for managers and technicians. Excellent at a few companies, nonexistent at many.</td>
<td>Widespread, very high quality, strong government support.</td>
<td>Widespread, very good quality, government subsidies for small companies.</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Office of Technology Assessment and Business Week.
In Germany, as we have discussed, there is near universal availability of vocational education—and the quality is uniformly high. Japan has limited availability with quality fair to good.

The U.S. gets a moderate rating for adult education, by most experts. Community colleges offer many opportunities. In Germany, adult education is limited but growing. In Japan, it is widespread and self-study is common.

Employer training in the U.S. is mostly for managers and technicians. Such training is excellent at a few companies but non-existent at many. In Germany, employer training is widespread, among all levels of employees and is very high quality, strongly supported by the government. In Japan, employer training is widespread with very good quality and government subsidies for small companies.

**Evaluated Models of Success**

A Corporation for Youth Investment would provide one new, focused operating vehicle that, among other goals, would help expand the capacity and number of inner-city, non-profit organizations to train and place high-risk youths in the primary labor market.
However, we believe that the major new federal vehicle for inner city job training and placement should be based on already existing successes, like Job Corps, JobStart, and the Comprehensive Competencies Program.

**Job Corps.** Next to Head Start, the Job Corps appears to be the second most successful, across-the-board American prevention program ever created for high-risk kids. Job Corps is an intensive multiple solutions program over one year that takes seriously the need to provide a supportive, structured environment for the youth it seeks to assist. Job Corps features classroom courses, which can lead to high school equivalency degrees, counseling and hands-on job training for very high-risk youths. Hence, as in individual community-based non-profit programs, like Argus, Job Corps carefully links education, training, placement and support services.

Corps programs are located in rural and urban settings. Some of the urban settings are campus-like. Others essentially are "on the street." In the original design, a residential setting provided sanctuary away from one's home. Today, nonresidential variations are being tried, and it will be important to compare their cost-effectiveness to the live-in design. Yet, even for the non-residential programs, the notion of an extended-family environment has been maintained.

In 1991 Job Corps trained roughly seventy thousand young people aged sixteen to twenty-two, most of them at serious risk of drug abuse, delinquency, and welfare dependency. The
average family income of Job Corps participants was less than $6,000; two out of five came from families on public assistance; more than four out of five were high-school dropouts.

As with Head Start, the Job Corps surely is not perfect, but its results have been consistently positive and its performance highly cost-effective. A 1991 analysis by the Congressional Budget Office calculated that for each $10,000 invested in the average participant in the mid-1980s, society received roughly $15,000 in returns -- including about $8,000 in "increased output of participants" and $6,000 in "reductions in the cost of crime-related activities."

Evaluations conducted during the Reagan Administration found that seventy-five percent of Job Corps enrollees move on to a job or to full-time study. Graduates retain jobs longer and earn about fifteen percent more than if they had not participated in the program. Along the same lines, a U.S. General Accounting Office study concluded that Job Corps members are far more likely to receive a high school diploma or equivalency degree than comparison group members and that the positive impact on their earnings continues after training. According to one evaluator, "Naysayers who deny that labor market problems are real and serious, that social interventions can make a difference, or that the effectiveness of public programs can be improved will find little to support their preconceptions in the experience of programs like Job Corps."

115
Yet, incomprehensibly, the Reagan Administration tried to eliminate Job Corps year after year. To its credit, Congress resisted. To be sure, the program is not cheap. A year in the Job Corps cost about $19,000 in 1991. But no one seriously challenges that the cost remains lower than the $30,000 average for a year in a juvenile prison -- or that the money provides a much more impressive return than the similar $19,000 average cost for long-term residential drug treatment, which rarely provides anything resembling serious preparation for the world of work.

In addition, fourteen states and twelve cities now operate year-round Youth Corps programs that incorporate various elements of the Job Corps experience. Other states and communities operate summer programs. An evaluation of the California Conservation Corps found that the work of Corps members generates a positive economic return. (The superficial fad of "boot camps" as diversion programs for delinquent youths in recent years incorporates some elements of Job Corps discipline but little in the way of effective remedial education, training and placement.)

The Failure of the Job Training Partnership Act. By contrast to Job Corps, the present major federal job training system, the Job Training Partnership Act (JTPA) begun in the early 1980s, has failed high-risk youth. Evaluations have shown that, while the results were marginally positive for disadvantaged adults, high-risk youth in the program actually did worse than comparable youth not in the program. For example, young men under age twenty-two who
participated in the program had earnings $854 lower than their comparison group, with significantly greater deficits for those who took on-the-job training.

JTPA does not provide for job creation -- only training -- but even for training, the federal oversight was peripheral. A joke making the rounds after the JTPA's passage was that, if you called the Labor Department for information, the answering machine was programmed with a six-word response: "Read the law; ask the governors."

JTPA enrolls only about five percent of those eligible for assistance, and it is the wrong five percent, certainly not the truly disadvantaged. A 1991 assessment by the U.S. General Accounting Office concluded that much JTPA training actually involves placing "trainees" in low-skill work rather than investing in improving skills. Indeed, as Elliott Currie, of the University of California at Berkeley, concludes, studies of how JTPA works suggest that its main function has been to provide a stream of low-wage workers -- most of them already comparatively "job-ready" -- to private employers who would probably have hired similar people anyway without the program.

These distorted priorities have been especially destructive for the young and for low-income women. What Gary Orfield and Carole Ashkinaze found for Atlanta has been true nationally of youth employment efforts under the JTPA:

[The program] placed many in what turned out to be marginal, short-term, part-time jobs with high turnover rates.
What appeared to be high placements at low cost often actually involved spending many hundreds of dollars per young person to get a part-time job that would have been available without training and which lasted less than three months.

For women, the current federal training system has been less to provide skill training than to channel already relatively well-prepared women into traditionally "female" and low-paying jobs in private industry, says Elliott Currie. Thus in Atlanta the local JTPA "concentrated its resources on training African American women with high-school degrees for traditional low-wage, dead-end, entry-level jobs, a substantial number of them as hotel maids."

JTPA also replaced public sector oversight largely with great delegation to contractors, who focused on the short-term and led to many faults in the system. Concluded Jeff Faux, President of the Economic Policy Institute:

There is a problem when you do this [training] on a short-term contract basis...[I]n human capital development, you're looking at what happens to the person down the line -- you need institutions that are going to be around in 10 years...Where you have a system of annual contracts, and people bid for them and put together a program, those people may be here tomorrow or may not be. What you miss is people who are professionals in this field and who see themselves as responsible for developing these programs over a long period of time.

These views are further reinforced by Harvard Kennedy School Professor John Donahue, who concludes in his book, The Privatization Decision, "There is no compelling evidence that
the JTPA system, on balance, makes much difference for the employment, earnings and productive capacity of American workers." Some observers believe that control for implementing training and placement should be taken from corporate-dominated Private Industry Councils (PICs) and given to redesigned, local entities in which indigenous, non-profit, community leaders have at least as much representation as the for-profit sector. We endorse this recommendation. (See more below.)

**JobStart.** We can better understand the failures of JTPA, by comparing standard JTPA services and performance to those in JobStart, a demonstration program that is an enhanced version of standard JTPA.

JobStart is funded by the Ford Foundation, the U.S. Department of Labor and other financiers to target disadvantaged school dropouts ages seventeen to twenty-one who read below the eighth grade level. The program provides basic education, occupational training, support services (such as child care and transportation), and genuine job placement assistance for long-term employment. These multiple solutions are implemented through community-based organizations, Job Corps centers, vocational schools and community colleges. Youth in the program have shown significant improvement in attaining high school and general education diplomas (GEDs) when compared to control groups. After the first twelve months of evaluation, arrests were lower for program youths than control youths, but statistical significance had not been reached. Ongoing evaluations by the Manpower Demonstration Research Corporation (MDRC) are assessing longer-run employment gains, crime reduction and related outcomes.
permanent housing for homeless and low-income, inner-city residents. In conjunction with the job skills and academic instruction, participants receive individual counseling, peer support, driver’s license training, recreation and cultural activities. A key part of these multiple solutions, according to founder Dorothy Stoneman, is that students can build up their self-respect, learn leadership skills and help themselves take control of their lives for the first time.

Upon completion of the training program, YouthBuild refers participants to construction-related unions and other apprenticeship programs or college. While in the program, a student is paid about $500 per month and can earn raises and bonuses for good work and good attendance.

No formal evaluations yet have been conducted of YouthBuild. But a short-term measure of attendance among YouthBuild participants at four sites appeared promising. Eighty-three percent of enrolled participants stayed with the program for at least the first five months. On average, sixty percent stay to the end of the program and get regular jobs paying an average of $16,000 annually.

A formal evaluation is now underway by Massachusetts Institute of Technology’s Department of Urban Studies and Planning, Harvard’s Kennedy School, and Public/Private Ventures. Early analyses show that a participant’s likelihood of finishing the training program is especially based on the quality of the relationship between the participant and her or his trainer, and on whether the participant had already committed himself to leaving a life on the
streets. Previous criminal involvement and baseline reading and math scores are not, so far in the evaluation, strong predictors of a participant’s retention in the training program.

"Youth who are ready for such a program will respond to the opportunity and will work hard to put their lives on the right course. These findings...remind us not to prejudge and write off entire classes of youth because certain of their characteristics -- such as low test scores signal past problems," concluded Ronald Ferguson, of Harvard’s Kennedy School.

Although the initial evaluation is ongoing, YouthBuild is now expanding to up to thirty new sites under earmarked funding from the U.S. Department of Housing and Urban Development. The program operates in conjunction with non-profit community development corporations.

YouthBuild’s potential, in particular, is to link youth job training and placement to this economic development of the inner city, which we will address in Chapter 5.

**The Summer Training and Education Program.** The Summer Training and Education Program (STEP) research demonstration was begun by Public/Private Ventures in 1984 to test the effects of remediation, work and life skills intervention over two summers on fourteen and fifteen year-olds from poor urban families who were already seriously behind academically.
Early evaluation evidence suggests that JobStart is more effective in the inner city than simpler, less intensive, local programs implemented under standard JTPA. JobStart does not "cream" the most qualified youths, as do some standard JTPA programs, but concentrates on those with greatest need. JobStart links basic education to occupational training, while most standard JTPA-funded agencies do not. JobStart understands that, to be successful, employment training must be complemented by other supportive social services -- like mentoring and counseling. This connection is not sufficiently built into all operations encompassed by standard JTPA. JobStart uses community-based, non-profit organizations as vehicles for education and training much more than the overall JTPA system. JTPA disburses federal money to local PICs, which are non-profit, but usually led by corporate-oriented officials and not indigenous, non-profit, minority leaders. This organizational structure does little to give inner-city residents real ownership in management. In JobStart, employability, job retention and earnings are measured over four years. In standard JTPA, "success" is merely measured in terms of immediate job placement over ninety days, even if the placement proves to be short-lived. Overall, JobStart provides more assistance than standard JTPA in helping participants obtain jobs after training.

**The Comprehensive Competencies Program.** Some JobStart sites have incorporated a computer-based individualized instruction approach to teaching basic skills developed by Robert Taggart, Director of the Office of Youth Programs in the Department of Labor from 1977 to 1981. The initiative is based on extensive research with disadvantaged youth. This franchised system includes computerized management and testing techniques. It is being used
in two hundred fifty schools and community-based agencies in combination with other education and job training.

The package includes self-paced instructional materials. This means that a youth can work one-on-one with the computer without risk of the kind of embarrassment that occurs in a classroom setting, where peers can make fun of the youth’s poor performance. The package also integrates all modes of teaching, workbooks, and audiovisual materials. Teachers are encouraged to spend as much time as possible with individual students.

Multiple evaluation results with comparison groups have shown significant gains in reading and math after twenty-eight hours of instruction time.

**YouthBuild U.S.A.** YouthBuild is a paid job training and housing rehabilitation program for young persons ages sixteen to twenty four in more than ten cities nationwide. Based on a concept that began in 1978 in East Harlem, YouthBuild started in 1988. With public and private funds, it provides hands-on training in construction skills for up to eighteen months. About five hundred students have been enrolled so far. Many of them are male, African American and high school dropouts.

One-half of the program time is spent in academic classes, mastering basic literacy and mathematics skills and preparing for high school equivalency diplomas, while the other half is spent at a worksite, rehabilitating abandoned buildings as a means of creating affordable

121
In five locations, STEP provided youth with half-days of summer jobs under the federally funded Summer Youth Employment and Training Program, combined with half-days of remedial reading and math combined with specially designed curricula and innovative teaching approaches. One half-day each week was devoted to issues concerning decision-making and responsible sexual and social behavior in the youth's everyday life.

The total length of intervention was fifteen months, although the intensity varied greatly. At the beginning and the end, there was a summer of intense intervention -- the remedial education and the summer job. In between, during the regular school year, STEP interventions were modest, accompanied by the regular school curriculum.

The implementing employment and training institutions were local agencies of the U.S. Department of Labor, including Private Industry Councils from the JTPA system, which provided jobs for the kids in places like day camps, day care centers, parks and recreation programs, building and grounds maintenance programs and office work. The implementing remedial education agencies were public school systems. Indigenous community-based non-profit organizations -- like Argus or Centro -- were not used, although one large community action agency was involved.

Because implementation was mostly through large, impersonal public institutions rather than through smaller non-profit organizations with individualized and holistic treatments, it was more possible to create an evaluation design using random assignment and formal control
groups. (See the discussion in Chapter 3 of how randomization and formal control groups usually are inappropriate for smaller community-based non-profits.)

The impact findings, based on nearly 5,000 youth were as follows (emphasis added):

STEP's summer effects were consistently and impressively positive. Reading and math test scores after the first STEP summer were about one-half grade higher for youth receiving STEP than for a control group receiving only summer jobs. STEP youth also had significantly higher scores on tests measuring knowledge about sexually responsible social and sexual behavior. STEP youth--one-third of whom had been held back in school--had high attendance rates in the program, and a high return rate (75%) for the second summer.

The impressive summer impacts did not hold up once youth left STEP and returned to their regular school and life routines. STEP youth experienced the same school dropout, college entrance, teenage pregnancy and employment rates as the control group youth. Evidently, a positive and successful experience in work, education and life skills over two summers was not sufficient to alter the life trajectories of poor urban youth.

The problems of many of these youth--both STEP treatments and controls--persisted and grew during the follow-up period.

These findings are what one would expect, based on experience since the Kerner Commission. They reiterate, we believe, the need for longer, more sustained, more intense interventions, typified by Job Corps. The lack of sustained impact, in our view, may also reflect the inadequacies of PICs as job implementing agencies, of JTPA as the overall job implementing system and of traditional inner city public schools which have not been structurally changed by Carnegie and Comer-type reforms. We believe that indigenous, community-based non-profit
institutions, if managed well, would have been in a better position to sustain intervention over fifteen months--and considerably longer--and to better complement classroom instruction and job placement with more intense mentoring, discipline, job training and individualized, flexible support.

A New Comprehensive System

In perspective, the available evidence on success and failure from scientific evaluations suggests that we need a new, much more comprehensive, federal job training and placement system focused on high-risk youth that builds on Job Corps, JobStart, Comprehensive Competencies, YouthBuild (if evaluations are positive) and innovative American variations on German vocational training.

JTPA needs to be scrapped, in our view. We need to proceed beyond the recent marginal reforms of JTPA by Congress. Major structural reform of the system is required. Part of the reform should be based on Thinking for a Living, by Ray Marshall, Secretary of Labor in the late 1970s, and Marc Tucker, head of the National Center on Education and the Economy. They call for a national employment and training board. It would be composed of government officials and business, labor, and education leaders. The board would coordinate and streamline the half-dozen overlapping training programs that are now sponsored by several government agencies.
The board would be complemented by state and local counterparts. As envisioned by Marshall and Tucker, the national and local boards would be formed from the six hundred PICs established via JTPA to implement job training and placement. The PICs are made up primarily of, and controlled by, business leaders. This was seen by Congress as a better local decision making structure than a government agency. It was reasoned that the private sector is more efficient than the public sector. And the business leaders had, it was reasoned, better knowledge of labor market needs than government bureaucrats. However, the failure of JTPA also suggests the failure of business-dominated PICs to implement locally in ways that benefit high-risk youth, as we believe the STEP demonstration may have suggested, in part. Accordingly, we endorse Marshall and Tucker’s employment and training boards as the way to implement locally a new comprehensive system. But we suggest that one third of the members of the national and local boards consist of non-profit community organization representatives and one third public sector representatives, so that job training and placement can be undertaken in the non-profit, for-profit and public sectors, working in close cooperation.

Federal implementation also needs to coordinate with our proposed Corporation for Youth Investment, which would employ high-risk youth through local non-profits, and to target jobs on building and restoring houses in the inner city, repairing the urban infrastructure, initiating community policing to help secure their economic development, and providing services for social development like teachers and support staff for inner city schools modeled on the Comer and Carnegie plans, above, and reform of the Elementary and Secondary Education Act.
A Return to Pre-1980 Funding Levels. JTPA replaced the Comprehensive Employment and Training Act (CETA) in 1980. CETA was a public service job training and placement program implemented locally through government agencies. It was one of a long series of public employment reforms spurred by the Kerner Commission. The Commission concluded, "Employment is a key problem. It not only controls the present day Negro American, but in a most profound way, it is creating the future, as well."

However, CETA was marred by accusations of fraud, nepotism and inefficiency. For example, city halls hired receptionists who sat in rooms where phones never rang. Nonetheless, during the late 1970s, CETA was successful in focusing its hiring and training on the hard-core unemployed. For the first time, unemployment of African American males decreased.

CETA was funded at almost $11B per year in 1979. When it was transformed to JTPA, funding was dramatically reduced, as part of federal disinvestment, to, for example, $3B in 1986 (Figure 4). In the new comprehensive system proposed here, we need to return to 1979 levels - - to add about $8B per year, so that the total is again at least $11B per year, for training as well as placement in the for-profit private sector, the non-profit private sector, and in public service and public works jobs. Safeguards against mismanagement need to be put in place, at the same time. We need to retain the CETA focus on hard core unemployment, but implement jobs through more cost-effective Marshall and Tucker councils which are, nonetheless not as dominated by corporate representatives as JTPA.
More specifically, of this $11B per year, at least $2B should be for Job Corps, focusing on the truly disadvantaged. This would add fifty more Job Corps Centers, as advocated by a coalition of organizations led by the National Association of Home Builders and the Children’s Defense Fund. About $7B should be for intensive job training and remedial education focused on the truly disadvantaged. This would bring the job training system roughly back up to 1979 CETA training levels. The remaining $2B of labor funds should be one source of funding for job placement for high risk people in the inner city. We would combine this $2B with at least $13B more per year in job placement funds from other agencies, as discussed in Chapter 5, to cover the placement salaries of the truly disadvantaged in rehabilitating and constructing inner city houses, repairing the inner city infrastructure, securing inner city neighborhoods through community policing, and providing other inner city social support services (like teachers). This would include public works and public service employment. As much as possible should be channeled through community development corporations, controlled by inner city residents.

The comprehensive reform that we envision is not dissimilar in local delivery of jobs to the recommendations in the Ford Foundation report, *The Common Good*. It builds on the excellent job training recommendations in the William T. Grant Foundation report, *The Forgotten Half*, but advocates for much more new spending than the Grant recommendation of about $1B more per year. We believe that, if the reform proposed here is enacted, if the Corporation for Youth Investment is funded at about $500M, and if high-risk youth are carefully integrated into the employment generated by community banking, by new public infrastructure

129
development and by private high technology development, as discussed in Chapter 5, then we

With the cuts in the size of American armed forces, that appear likely, the need is even
greater for more civilian job training and placement among high-risk youth.

To manage the training-placement linkages more cost-effectively as part of a strategy to
reinvent government, for high-risk youth; ensure that street-level implementation by Marshall
and Tucker-type employment and training boards resembles Job Corps, JobStart, Comprehensive
Competencies and related successes; help streamline interagency coordination and
implementation; publicize effective youth programs; and evaluate replications of success—a
federal office responsible for overall policy and programmatic direction of the government’s
high-risk youth employment efforts needs to be re-established, along the lines of the short-lived
Office of Youth Programs in the Department of Labor during the late 1970s. State and local
governments need similar coordination.

**The Minimum Wage.** The minimum wage, which represents society’s effort to establish
a floor below which market forces should not be allowed to drive down the living standards of
workers, has declined sharply during the past two decades in real value after inflation. For
those who work full-time at the minimum wage, it has become increasingly difficult to support
a family even at the poverty line. We are convinced, based on both simple logic and our own
street experience, that we cannot overcome inner-city poverty, or the social impoverishment and
isolation that goes with it, by providing below-poverty-level jobs. That is an obvious contradiction in terms. Research has shown repeatedly in recent years that too great a proportion of new jobs created in the American economy have been low paying and unstable. That will continue to be true of the largely service-oriented jobs that are expected to dominate new job creation during the next decade. Those jobs cannot hold families together, build a vibrant community economy, or offer an attractive future for the disadvantaged young--many of whom think the good life can be secured now only through drug dealing.

A new federal policy of investing in people and reconstructing our cities must begin to raise the floor of earnings to a level sufficient to provide the basis for dignity, self-esteem and self-determination. We believe that the recent legislative compromise, which restored part of the real value of the minimum wage, was a step in the right direction. But it did not go far enough, because the proposed levels will remain substantially below what they were a decade earlier, in real terms.

**Welfare Reform**

The Kerner Commission recommended expansion of Aid to Families with Dependent Children (AFDC) benefits, federal responsibility for ninety percent of the costs and a longer range federal income supplementation system.
Today, we endorse the new attempt to reform welfare, with the goal of requiring employment of mothers, combined with adequate child care. The Family Support Act of 1988 is the modern-day point of departure for the kind of reform that is needed. The Act seeks to cut welfare roles by collecting more child support from absent fathers and giving single mothers more job training. Evaluation is still at an early stage. Not surprisingly, the initial findings suggest that modest expenditures on job training yield only modest increases in the potential earnings of welfare recipients.

Much of the emphasis for continuing reform is coming from the states. For example, the state of New Jersey has decided not to increase benefits from AFDC if they have another child on welfare. Wisconsin has done about the same.

**The Ellwood Plan**

The most dramatic reform has been proposed by David Ellwood at Harvard’s Kennedy School, and embraced by President Clinton. The policy is that no one be allowed to collect AFDC for more than two years. This would be the biggest change in AFDC since the program was established in 1935. Recipients now stay on welfare for, typically, between six and seven years--so a two year limit would cut the number of recipients by about seventy percent. The proposal includes intensive education and job training, with the goal of making every single welfare mother economically independent after two years.
One of the few states that has given work experience a fair test is Ohio. Adult welfare recipients were required to perform community services as a condition for continued welfare benefits. Recipients who failed to work had their benefits reduced or terminated. There were some promising findings:

Local governments discovered that workfare need not be a "make work" activity: There were a lot of useful services to perform. Libraries needed assistants to catalogue books. Schools needed crosswalk guards, hall monitors and classroom assistants. County hospitals needed all kinds of help. And yes, there was litter to pick up in the parks. Local governments quickly came up with lists of all the little things taxpayers want done for which there never seems to be enough money in the budget.

Another discovery was that the majority of workfare participants liked the program. Welfare mothers said they felt good about doing something for the community. They thought workfare erased the "freeloader" stigma so often associated with welfare. Participants even thought it was fair to sanction recipients who wouldn't play by the new rules.

Based partially on such experience, we believe that the Ellwood plan proceeds in the right direction, though it must be refined more.

For example, some experts conclude that, to get by, a single mother with two children needs at least $15,000 per year. We believe that the kind of new job training program proposed on these pages, combined with an increase in the minimum wage, will do much to bring single mothers up to this level.
In addition, a comprehensive reform package needs to include Head Start for all eligible children (Chapter 3), more subsidized housing, especially for single working mothers (Chapter 5), a clearer requirement than at present (as proposed by Senator David Boren) that all welfare recipients (except those with very young children) work rather than merely sign up for training or placement, Medicaid to all poor children, and an earned income tax credit (which gives employed parents with children a refundable credit if their earnings are low enough). With all of these components, the package will begin to approximate what is really needed for poor, single mothers with children to make it on their own.

Again, we need to look to the Europeans for guidance:

[Policy for lone-parent families in France and Sweden are more effective than American policies in reducing dependency as well as poverty because the former countries invest public funds in universal programs that subsidize the costs of child rearing (through free medical care, child allowances, advanced child support maintenance) and they simultaneously invest in programs to promote work among mothers (subsidized childcare, paid parental leave, greater wage equality, employment in the public sector).

**Bringing The Fathers Back**

Some of these elements are in the "Family Security Program" of Harvard sociologist Theda Skocpol, who also advocates more beefed up efforts to find absent fathers. According to the Skocpol plan, those fathers who work would have to pay child support. Legislation to
this effect has been introduced in the past by former Congressman Thomas Downey and Congressman Henry Hyde.

We endorse bringing absent fathers back into the picture. But reform must proceed far beyond finding them and trying to force payment.

Disproportionately, those young fathers are from the inner city and have poor education, spotty work experience and few job prospects. The best way for them to help the young mothers become economically independent in anything close to the two year period envisioned in the Ellwood plan is for the fathers to meet their child support obligations.

In fact, street savvy observers say that many such young men want to be good parents, or have the potential to be, especially right after the child is born when they often feel the most pride. But there are daunting obstacles. If a young man acknowledges paternity or is named the father by the child’s mother, he is expected to start child payment immediately. But, not uncommonly, these young men lack the education and skills to command more than the minimum wage and sporadic employment. Some do take dead end jobs to keep up with payments. Many more try to avoid getting caught in the system. Few are able to take the two or more years needed to learn real skills for upward mobility--because that could mean owing the state tens of thousands of dollars or facing jail for nonpayment.
Public/Private Ventures presently is evaluating a "responsive fathers" program in a number of locations that is beginning to seek workable multiple solutions. Changes in local child support bureaucracies and policies are being experimented with to see if the system can be less daunting--and can allow the young men enough time for Job Corps-type remedial education combined with intensive training, placement in a job with genuine opportunity, and ongoing counseling. Not surprisingly, given the lessons of Chapter 3, counseling often involves ongoing support as well as tough talk from older male mentors. Before they can become good fathers, these young men--most of whom, of course, had little or no fathering themselves--need guidance from Big Brothers and role models so they can better deal with feelings of anger, confusion and self-esteem. One mentor observed, "Our biggest challenge is to make them aware of their responsibilities, to show them how to negotiate the system and not to quit when they feel frustrated." We agree that making the fathers face responsibility in this way is key to progress.

Before the nation can put welfare reform in place, we need to better develop such initiatives for and with the young fathers. We need to prove what works through careful evaluations and then show that models can be replicated.

Bringing absent fathers back into the picture may help at least some of the fathers and mothers to function more like a family. This would further improve their economic and social stability. The Project Redirection mentoring initiative (Chapter 3), which was evaluated as significantly reducing the high school dropout rate for single, teen mothers, suggested that a coordinated training and job placement program for single, teen fathers would further stabilize
the couples. Recent research at the University of Chicago shows that single, teen, high-risk parents are more likely to marry if the father is employed and the mother has finished high school. Marriage encourages stable two-parent family life, which reduces the risk of their childrens' involvement in crime and other negative behavior.

However, we do not advocate a system in which single mothers are required to depend on the men. They should have options.

**The Timing of Welfare Reform**

Real welfare reform will not be easy, considering all the many previous unsuccessful legislative attempts. We recommend a process whereby the reform in Head Start, education in the inner city, job training and placement and housing recommended in this report takes the lead. When these programs are reorganized to be more cost effective, including a more holistic and community-oriented approach to service delivery and implementation, and when existing levels of funding are supplemented by the funding increases proposed here, then welfare reform can proceed more quickly.

Because we must wait and see how the other reforms proceed, we do not speculate in this report on the additional costs of welfare reform and of the Ellwood two year time limit further down the road. **Without the other multiple solution reforms, we do not believe that efforts to reduce welfare rolls will be successful. Instead, the result will only be increased stress and**
deprivation for low income women--and their children--resulting in more demands on the taxpayer's wallet, as when the children get in trouble with the law.

The same Congressional committees to which most welfare reform proposals would be referred are the ones that must deal with health care reform, expansion of Head Start, reform of job training and placement and economic recovery. It is best to take first things first, and to then reform welfare when both Congress and the Administration are able to give it the attention it deserves.

**Drug Prevention and Treatment**

--and **Health Care Reform**

In the inner city, drug policy embraces people of many ages. Preschoolers are being killed in cross-fires among dealers. Middle school children are drug runners. Peer pressure to try alcohol and drugs begins early. Teen mothers give birth to crack babies. Addiction makes it impossible to succeed in Job Corps, JobStart, YouthBuild, Project Redirection and community organization-based multiple solutions.

We urge tough laws, effective police action, severe sentences and prison space, however expensive, for dealers.

At the same time, the nation must begin to reverse the current spending formula--in which seventy percent of $12B-plus annual, anti-drug budget is spent on supply-side law enforcement and "interdiction," and just thirty percent on demand-side prevention and treatment.
We need a policy of thirty percent on the supply-side and seventy percent on the demand-side, like France.

Here is a real opportunity for political leadership. Despite scientific evaluations that show that community-based, demand-side prevention—like Argus and Job Corps—works best, many Members of Congress erroneously conclude that a vote for more prevention and treatment will be regarded by voters as a soft-on-crime position. As John Conyers, Jr., Chairman of the House Committee on Government Operations observed, "When these proposals come up in Congress most members want to know, before they vote, which one is the toughest. It’s sort of, 'I don’t know if this is going to work, but nobody is going to blame me for not being tough.'" Similarly, in 1991, when the deputy director for demand-side programs, Dr. Herbert D. Kleber, resigned from the Drug Czar’s office, he concluded that treatment and prevention were failures: "Clearly, if the President would stake his reputation and say, 'I’m determined to spend ‘X’ million on treatment,' it would make it much harder for Congress to turn him down." We believe that, with the new Administration, the time for priority on prevention, education and treatment is at hand, and we applaud giving Cabinet rank to the director of the national anti-drug policy.

**Prevention and Education**

The expansion of Head Start, creation of a Corporation for Youth Investment to replicate community-based non-profit successes, replacement of JTPA with Job
Corps/JobStart/YouthBuild-type federal job training and placement reform, and linkage of these jobs to the economic development of the neighborhood form perhaps the most effective drug prevention strategy for the inner city. As discussed in Chapter 3, these multiple solutions tend to simultaneously produce multiple good outcomes, including reduction in the use of drugs.

Two new influential studies are consistent with this view. In *Reckoning: Drugs, the Cities and the American Future*, Elliott Currie concludes that "we can shift the social and cultural balance -- from the blasted wasteland where the dominant youth occupations are idleness, drug dealing and sporadic work in poor jobs into vital neighborhoods where most of the young are either in school or working at respected jobs with a visible impact on their community." In *The Making of A Drug Free America: Programs that Work*, Mathea Falco observes that "the most promising strategies are coming not from Washington, but from communities working to find new solutions to their drug problems."

Currie makes clear that the "link between drug abuse and deprivation is one of the strongest in forty years of careful research." Consequently, he shows how federal disinvestment over the 1980s was a lethal partner in the inner city to the deprivation already created by job losses. "Had we set out consciously to prepare ground for a fast-moving drug epidemic, we could hardly have done a better job. Crack was like a match thrown on dry tinder."

As long as inner-city conditions and opportunity fail to improve significantly, we can, based on past experience, expect the demand for drugs to continue, regardless of which psycho-
active substance currently is fashionable among users in a particular location. (We must realize that drugs were a severe problem in the inner city long before the currently declared drug crisis.)

It is not difficult to illustrate the threat of new drugs. Although not widely popular on the U.S. East Coast, methamphetamine -- "crank" -- has been used for more than a decade in Hawaii and on the West Coast, mostly by persons on the bottom of the economic ladder and often among youths who have school problems and abusive parents. Crank is highly addictive, with a much longer lasting high than crack cocaine. According to Congressional testimony by Elliott Currie, crank is a "drug that you can make in your bathtub using a few inexpensive industrial chemicals, and it doesn’t take a genius to do it. In the western States, it is routinely made by people who’re low-skilled, poorly educated, sometimes nearly illiterate."

The implications are profound. As U.S. Senator Sam Nunn stated on ABC’s Nightline, even if supply-side interdiction were 100 percent successful in stopping drugs from entering the U.S., "in three months" there would be alternative, U.S.-made drugs on the street market to respond to continuing demand by users." It would take only four Boeing 747 cargo planes or thirteen trailer trucks to supply American cocaine consumption for a year; a twenty-square-mile field of opium poppies would meet the annual demand for heroin. So many countries grow the coca and poppies from which these substances are made that when one foreign source is blocked another emerges to service American demand.
Cocaine shipments through Panama have jumped since Manuel Antonio Noriega's capture in 1989, according to the federal government's Drug Enforcement Agency (DEA). Nor has the war on drugs reduced consumption by raising the price of drugs at the street level, where the largest profits are made. In New York City, which is the nation's main drug import center and market, *The New York Times* reports that some dealers are expanding their operations and charging as little as seventy-five cents for a dose of crack.

Along similar lines, the Congressional Budget Office sums up the case against enforcement and interdiction and for prevention and treatment:

Although enforcement has undoubtedly made it more difficult and more costly to grow, process, import, and distribute illegal drugs, no hard evidence exists that intensified efforts have kept them away from users or pushed prices up to levels that, in the long run, appreciably reduced the amount of drugs purchased. The difficulty in effectively controlling street supply and price stems from competition among producers and distributors, the large markup from wholesale to retail prices, and the ability to maintain an affordable end price by diluting the drug. Those conditions, critics argue, make it almost impossible to curb drugs by means of supply controls and related activities: In their view, the problem should be addressed through efforts to reduce the market for drugs. (Simply shifting funds from enforcement to drug education and treatment programs would, of course, not produce immediate savings; but the effects in the long run might be immensely beneficial.)

From the perspective of this report, some of the reasons for inner-city drug use are similar to the reasons for drug dealing. As Terry Williams of the City College of New York discusses in a recent book, where there are few legal labor market options—as in East Harlem,
with an unemployment rate of over sixteen percent--the drug economy can be perceived as "an equal opportunity employer." In spite of the violence and brutality of the business, drug dealing may raise self-esteem, in the words of one East Harlem observer, more than "being exploited by the white man" or working as a supermarket bagger. Even if you are scared and want out of the drug business, peer and gang pressure can keep you in it.

The community-based programs described in this report are successful precisely because they respond to these street realities. The mentors and big brothers in these programs are believed when they expose the lies of big money to be made in crack dealing. Remedial education, job training and placement in a supportive setting combine to provide viable legal options that make street sense to many young people (though some still will choose the profits and risks of selling drugs).

**More Federal Guidance on the Best Drug Education.** We believe that the first priority should be for community-based inner-city institutions to deliver multiple solution drug prevention and education, with inner-city schools as the second, but still very important priority service delivery vehicle. Unfortunately, today, for the $500M of federal money spent each year on drug prevention and education in schools, there is little federal guidance on what works best. Much of the research on drug prevention and education is incomprehensible and inaccessible. Accordingly, bewildered school administrators often select the best packaged, most eye-catching programs, even if there is little scientific evidence of their success.
Therapeutic Communities. "Therapeutic communities" have a partial role to play in a comprehensive national treatment policy. The term therapeutic community is generic, describing a variety of residential programs serving a wide spectrum of drug and alcohol abusers. In comparison to other methods of drug treatment, therapeutic communities coordinate multiple solutions in a single setting--vocational counseling; work therapy; education; recreation; group, family and individual therapy; and medical, legal and social services. Mentors, staff and peers serve as role models for successful personal change. The treatment process involves initial orientation, primary treatment during which participants progress from junior status to role models, and gradual re-entry into society.

The residential program at Argus is a therapeutic community, and merits close examination for long-term success.

Other examples of promising therapeutic communities include Abraxis, begun in Philadelphia; Daytop Village, begun in New York; Gateway House, begun in Chicago; Phoenix House, begun in New York; Amity in Tucson; Second Genesis, begun in Washington, D.C., and Stay'n Out, begun in New York. All were created as heroin treatment programs. All now have switched much more to cocaine treatment, but cocaine-specific evaluations have not been completed.

According to Mathea Falco, residential therapeutic communities like Phoenix House are physically and psychologically rigorous, and fewer than one in six clients completes the one-to-
two-year course of treatment. But those who stick with the program will remain drug-free far longer than those who drop out.

Less confrontational, more "user-friendly" residential centers like Amity in Tucson have better success keeping people in treatment. Amity emphasizes the importance of work and learning and holds frequent group meetings led by staff members, half of whom are Amity graduates, and who therefore serve as role models. Overcoming denial is the critical first step to recovery. Supported by peers, who become a replacement family, residents learn to face their own anger and shame.

Therapeutic communities operating within prisons, like Stay'n Out, which has treated more than 1,500 inmates in two New York State prisons, appear to offer the greatest hope for drug offenders, particularly if they receive aftercare and help in finding employment, education, and continuing treatment.

Recovery rates are generally twice as high among addicts who have families, jobs, and friends. Therefore, treatment programs that offer strong alternatives to drug use—vocational training, help in finding jobs, new ideas, opportunities and friendships—work best.

Many of the elements which we have identified as common among successful inner-city prevention programs also appear to underlie therapeutic communities established for treatment.
However, the best evaluations in fact suggest that the techniques that work best include role-playing to equip self-conscious teens with basic skills, such as how to conduct a conversation or respond to rudeness, as well as how to resist peer pressure to get high. The underlying notion is that young people who can manage their anxiety in social situations are less likely to turn to drugs for comfort.

For example, according to Mathea Falco, one of the best programs for teaching resistance skills is Life Skills Training (LST), a program that originated out of the Cornell University Medical College in New York City in the late 1970s and that has been rigorously evaluated in one hundred fifty junior high schools in New York and New Jersey during the past decade. LST has also been adapted for use with high-risk children in homeless shelters, where a recent study found that thirty percent of the adults are substance abusers.

America's schools need more federal guidance, written in common-sense, plain English, on how and why such school-based drug education initiatives appear to work. But inner city educators need to listen just as much to Richard Price, in his recent book, *Clockers*, about the inner-street-level drug trade: "This one drug dealer said to me, 'The scariest thing to a kid out here on the streets is not drugs, AIDS, guns, jail, death. It's words on a page. Because if a 15-year-old kid could handle words on a page, he'd be home doing his homework instead of selling dope with me.'" The point is that, in the inner city, drug education also is synonymous with learning basic reading and math skills--and that can be done best through the multiple solutions articulated in this report.
Of course, to call for more demand-side options is not to excuse drug dealing. Again, we must have tough law enforcement, long sentences and prison space for drug dealers.

**Drug Treatment**

We need increased commitment to treatment. Each year an estimated 700,000 addicts cannot get treatment. Providing it would cost $1.2B annually, a budget increase which we endorse. It would be well spent. Each dollar in treatment saves $11.54 in costs such as prisons and lost productivity, according to the National Association of State, Alcohol & Drug Abuse Directors. A study financed by the National Institute on Drug Abuse (NIDA) of 10,000 individuals in residential, outpatient and methadone programs found that these methods significantly reduced heroin and cocaine use. Up to five years after treatment, fewer than twenty percent of the clients were using any drug except marijuana, and the proportion of clients committing predatory crimes had been reduced by more than one-half.

We need not only *more* treatment, however, but also *better* treatment. Too often, conventional drug treatment is little more than a revolving door, through which addicts return to essentially unchanged communities with few new skills for legitimate life—and predictably return again. Many addicts, too, are alienated by most existing treatment models and do their best to avoid them.
Need and Consensus. Still, the surface has barely been scratched when it comes to
treatment innovations in the United States. There are a total of 5,000 existing treatment centers
of all kinds. Most are short-term and outpatient. There is as yet little scientific proof of their
cost-benefit. Too much of what passes for drug treatment today is overly expensive,
insufficiently evaluated, poorly staffed and too little oriented toward integrating the drug abuser
into a productive life in a functioning community.

There is poor coordination in terms of channeling the estimated four million addicts into
them. A majority of treatment slots are still for heroin users. Yet they now are far
outnumbered by cocaine addicts and multiple abusers—who require different treatment strategies.
There is insufficient attention to the special needs of the disadvantaged and women. And some
models, developed largely for adult addicts, have been far less relevant to the drug problems of
the high-risk youths with whom we are concerned. We need to learn much more about how best
to provide effective treatment for inner-city youths—including the relative merits of residential
versus day treatment, and ways to remove the barriers that now keep many youths away from
available treatment.

We do know this: Something close to a consensus has emerged that significantly more
funding is required to close the gap between treatment need and availability among the
disadvantaged. Without it, hard drugs will continue to ravage families and communities in the
inner city; drug-related violence will continue at levels that place many neighborhoods in a state
of siege.
Unless we begin to reverse that situation, it will undermine all of our other efforts to develop the inner city economically and socially.

Expanded drug abuse treatment, intensive outreach and aftercare need to be linked closely with youth enterprise development, family supports, intensive remedial education and other services. As a high official at NIDA has observed, "For many addicts, it's not rehabilitation; it's habilitation. They don't know how to read or look for work, let alone beat their addictions."

If we do not address these issues in addicts' lives, we insure that much drug treatment will remain both ineffective and expensive.

Treatment and Health Care

Underlying the inadequacy of present drug treatment funding and facilities is the absence of sufficient health care for millions of the "working poor." Coupled with reductions and limitations in Medicaid programs in many states, this has meant that many of the most basic drug abuse, mental health, nutrition and preventive health needs of inner-city residents have been increasingly neglected. Today, Medicaid reaches fewer than half of those below the official poverty line. One result is that too many of the disadvantaged, because of poor health or mental health, could not participate fully in urban redevelopment even if its economic underpinnings were in place. The lack of adequate care has put hundreds of thousands of poor children on the street with unresolved health and mental health needs—deeply compounding the alienation, volatility and drug involvement of all too many youth in the inner city. Many die before they
can even get to the street. As we saw in Figure 13, the infant mortality rate in the U.S. is considerably higher than in countries like Japan, Germany, Canada, France and Britain. The infant mortality rate for African Americans is considerably higher than in countries like Cuba and Bulgaria. The infant mortality rate for urban African Americans in places like Detroit and Washington, D.C. is almost as bad as in China (where, under the "one child" policy, many infant girls are killed at birth in hopes of the parents later having boys).

Yet Figure 18 shows that health care spending per capita is far higher in the U.S. than in countries like Japan, Canada, Italy and Britain.

Based on the absurdity of poorer care for higher cost, just about everyone today agrees about the need to reform the $800B per year American health care system, which has left thirty-seven million people uninsured and consumes fourteen percent of the gross domestic product.

From the perspective of the minority poor in the inner city, the goals of health care reform should be to supply Medicaid to all those eligible, particularly pre-natal care to reduce infant mortality rates; provide solid coverage for the working poor; produce health quality-of-life outcomes (like infant mortality rates) on a par with Japan, Western Europe and Canada; and link improved physical and mental health to improved education and job opportunity. In addition, strategies are needed to increase the number and type of physicians and other healthcare providers for inner city residents.
As with welfare reform, it is too early to estimate the cost of such a system as it applies to the truly disadvantaged. But we can briefly ask questions about reform that seem best from a Kerner perspective. And we can add some warnings about how reform should not further widen the gap between the inner city poor and what Labor Secretary Robert Reich calls "the fortunate fifth" (of the income distribution -- See Chapter 2).

**Asking the Right Question.** The right question is not, we believe, "How can we design a health care reform strategy that preserves the power of the insurance industry?" Rather, the right question is, "How can we guarantee high-quality coverage for all Americans while holding down costs?"

The answer to the latter question may be to follow the Canadian-style or German-style national health plans -- which are working well in supplying universal insurance coverage, allowing patients to choose their doctors and providing high quality prevention and treatment in ways that are reasonably popular with the public. In addition, the Canadian system, financed by taxation, provides such quality health care for about one fourth the cost per capita as the current American system (Figure 18).

There is little doubt that adaption of the Canadian system would generate tremendous savings in the U.S.:

Steffie Woolhandler and David Himmelstein of the Harvard Medical School estimate that had the administration of health care
Figure 18

REAL* HEALTH CARE SPENDING PER CAPITA, BY NATION
1976-1990

*Deflated by GDP deflators and adjusted by purchasing-power parities

Source: Organization for Economic Cooperation & Development.
in the United States been as efficient as Canada’s in 1987, we would have saved between $69B and $83B -- a sum that could guarantee care for the more than 30M uninsured Americans and simultaneously underwrite the cost of a dramatically expanded system of preventive public-health care for America’s stricken cities and rural areas. An even larger estimate comes from a recent study funded by the Robert Wood Johnson Foundation, which calculates that adopting a Canadian-style system would save $241B annually, even after spending $14B to insure those now not covered -- about half the savings coming from reduced administrative costs alone.

However, instead of following this experience -- and using the savings, perhaps, to reduce the debt, invest in children and youth and reconstruct the inner city -- many American experts seem to want some variation on the ill-defined notion of "managed competition." It could complete the transformation of American medicine from one-on-one doctor-patient relationships to a system controlled by huge, impersonal health maintenance organizations run by insurance giants, in our view.

Such a system could leave in place the needless excess profit making of American insurance companies that yields the higher costs shown in Figure 18 compared to other countries, especially Canada. The Director of the Congressional Budget Office has testified that managed competition "would leave national health care expenditures at approximately the same level they would reach" without the change. From a Kerner point of view, such a nonuniversal system also runs the risk of creating two tiers of medical care -- high quality for the fortunate fifth and low quality for the truly disadvantaged.

In addition:
Nowhere in the world is there a working model of "managed competition." It has never been tried. However, evidence suggests the strategy will not hold down costs. The past decade has seen enormous growth of H.M.O.'s and of managed-care programs, at the same time that health costs have risen at record rates.

Managed competition would do nothing to attack the source of the greatest waste in our current health care system, namely the bureaucracy required by our system of multiple insurers. Many studies have shown that a "single-payer" system like Canada's would eliminate between $80B and $140B in administrative waste.

Public opinion polls show that most Americans reject having their insurance companies choose their doctors. Sixty-nine percent say they favor a Canadian-style system, even if they must pay more taxes.

Of course, the powerful lobbies, like Health Insurance Association of America, will fight against a Canadian-style system that eliminates their excess profits. And serious health care reform will not leave American doctors with their current average income of $160,000. Surely the American Medical Association (AMA) would oppose the idea of lower income. This lobby has 300,000 members and pays its director $421,542 per year. Sometimes he is driven from Washington, D.C. banquets, at which the AMA gives awards to Members of Congress, in his limousine, back to the AMA building. According to the Washington Post:

Resources have obviously been plunged into the plush AMA building, with its "Untitled" 1956 Al Held on the wall, its 1947 black lava-dribble by Louise Bourgeois on the floor, plants as big as Triffids in stainless steel tubs, a submarine-size marble conference table.
Our point is that of former Jimmy Carter, who called the lobbyists who work on behalf of hospitals and doctors "the most despicable on earth." We do not think that they have the interests of the poor -- or of patients -- in mind.

In the much cheaper Canadian system, doctors still average about $100,000 per year -- a splendid income from our viewpoint -- and probably from the viewpoint of an inner city, community-based public housing drug prevention counselor or Head Start employee working sixty hours a week for $20,000 or less per year.

If the politics of reform nonetheless lead the nation to a system which the government would structure but the private sector would run, we would ask that legislation be provisional and that it explicitly leave open the possibility of a second step, should the initial scheme fail. The fallback would be a more direct government role in terms of fee schedules and binding budgets.

Whatever the outcome, the experience of community-based programs affirms the importance of health care for the poor as part of an overall "butterfly effect" multiple solutions strategy. That is why, in Puerto Rico, Centro Sister Isolina Ferre, almost from the beginning, incorporated a community health care system in support of its delinquency prevention and youth investment ventures. Similarly, national health care reform has the potential to positively impact on gang, crime, drug and school dropout prevention initiatives.
YouthBuild U.S.A. began 15 years ago in east Harlem to offer paid job training in construction skills for low-income inner-city residents ages 16-24. As part of their training, youth apply lessons from academic classes to their daily skills training while rehabilitating inner-city houses and abandoned buildings. YouthBuild operates programs in more than 10 cities nationwide and is planning to expand to to 30 more cities.

Photo by Ellen Shub, 1993.
5. RECONSTRUCTING OUR CITIES 
AND REDUCING THE INVESTMENT GAP

We call for investing in children and youth at a time when the need is great for repair 
and new construction of the housing and physical infrastructure of our cities—and when the 
economy of the United States needs revitalization to better compete in the high tech global 
marketplace.

As the Vera Institute in New York has concluded, because of insufficient private for-
profit sector job placement of minority disadvantaged youth, private non-profit sector and public 
sector job placement is essential.

Consequently, we believe that a new human resource and urban agenda should include 
a concerted plan to develop the "whole community" through providing long-term, stable, private 
(especially non-profit) sector and public sector employment opportunities that address genuine 
local needs. Without a major new commitment to this vision, we will neither rebuild local labor 
markets—thereby providing real and challenging work roles for the young—nor deliver the 
services and physical reconstruction so needed in the inner cities.

As one astute observer wrote:
Our cities are in dire need of rebuilding, especially at the core. Our public facilities are in similar need of repair. In the coming years, these needs will multiply almost beyond measure. If we begin now to repair the decay of the past and meet the needs of the future, we can create hundreds of thousands of new jobs directly, and indirectly, millions more.

The description might have come from the 1992 Clinton campaign. But the writer was Robert Kennedy and the year was 1967. What has mainly changed is that these needs have deepened in the ensuing quarter century.

The message of Chapter 5, then, is that America needs a conscious federal policy to link investment in children and youth with urban repair and economic revitalization.

Again, we have many examples of what already works, based on years of experience. We need to expand them to scale, so that there is significant change across the entire nation in the lives of the disadvantaged, the physical structure of the neighborhood where they live and the national economy which impacts on the poor and their communities.

"Community Enterprise" via Non-Profit Organizations Funded by the Federal Government

Over the last twelve years, federal disinvestment has accelerated the decline of urban America:
• From 1981 to 1992 federal aid to the cities was cut by sixty percent, after adjusting for inflation.

• Appropriations for the subsidized housing programs operated by the U.S. Department of Housing and Urban Development (HUD) fell by more than eighty percent (inflation adjusted) between 1978 and 1991. Housing assistance for rural families provided by the Farmers’ Home Administration also dropped sharply, down seventy two percent.

• By 1989 (the latest year for which figures are available) two-thirds of all poverty level renter households which were poor enough to qualify for federal aid received no government housing assistance to help meet high rental burdens.

• Homelessness is not abating. In a survey of twenty eight major cities, conducted annually by the U.S. Conference of Mayors, city officials reported that demands by people seeking emergency food and housing escalated substantially in 1991 -- on top of similar increases in prior years. Requests for food grew by an average of twenty six percent in the surveyed cities in 1991; shelter needs rose thirteen percent.

• The supply of inexpensive rental housing continues to dwindle, even as the number of poor seeking such housing swells. By 1989, there were over four million more poor households seeking apartments with low rents than there were units available in a price range they could afford.

• Rent burdens continue to place tremendous strain on lower-income households. Today, almost sixty percent of the nation’s poor renters pay at least half of their meager earnings for shelter.

• For hard-pressed local governments, deep cuts in housing and other assistance programs are the rule. Many states became far more active in the housing arena during the late 1980s, but today, tight budgets have forced many cutbacks. An ever increasing
share of state resources deals with the consequences of poverty and distress—not with the prevention of problems in the first instance. Today, the second most rapidly growing category of state spending is for new prisons.

Building on LISC and the Enterprise Foundation

Because of this vast federal disinvestment, we now need federal reinvestment on an equal scale. As with investments in children and youth, only the federal government has enough resources and the capacity for leadership to revitalize our depressed urban areas. Based on what has worked, in spite of the federal government, over the last twelve years, we believe that the first priority for a new policy should be a federally funded program in which HUD funds national, private non-profit sector intermediaries. In turn, these intermediaries should fund local, private non-profit community development corporations.

The national Corporation for Youth Investment proposed in Chapter 3 is built in part on the Local Initiatives Support Corporation (LISC) and James Rouse’s Enterprise Foundation. These also are two organizations which help frame our vision of community economic development in this chapter. We recommend direct funding by HUD of LISC, the Enterprise Foundation and new national economic development intermediaries like them. But this should be done so that private sector non-profit intermediaries can retain their efficient and successful rehabilitation of housing, without being burdened by the red tape of HUD. The federal government will need to provide oversight, of course, because the monies are from the public sector. Yet HUD bureaucrats should not meddle in what has become a small miracle over the last decade in revitalizing urban neighborhoods.
LISC and the Enterprise Foundation support local, grassroots, non-profit entrepreneurs who operate via community development corporations to rehabilitate abandoned houses, build new houses, create commercial enterprises and organize social services. Their objective is to succeed where federal government-run programs have mostly failed -- in creating inner city jobs for high-risk youth, providing decent and affordable housing for the poor and homeless, creating vital neighborhood business districts, promoting perceptions of security, and fostering strong community-based and owned institutions in which residents participate.

The original community development corporation concept was created by Robert Kennedy after his famous walk through Bedford-Stuyvesant and the ensuing legislation sponsored jointly by him and Senator Javits in 1966. These "first generation" community development corporations were funded by the Ford Foundation and the Office of Economic Opportunity. They included the Bedford-Stuyvesant Restoration Corporation in Brooklyn, NY., The East Los Angeles Community Union in Los Angeles, The Woodlawn Organization in Chicago, and the Delta Foundation/Mississippi Action for Community Development. There were originally fifteen such community development corporations in distressed urban and rural communities. Today, there are hundreds of well established community development organizations, even though they have received relatively little public notice. We need in the next decade to establish one thousand or more well managed community development corporations in the most deteriorated urban and rural neighborhoods across America.
Since the early 1980s, LISC and the Enterprise Foundation have, through loans and grants, made a remarkable imprint on pockets of urban America. For example, they helped restore the Liberty City section of Miami after riots in the early 1980s. They replaced graffiti and rubble in five square miles of the South Bronx in New York with new homes and parks. Over the last twelve years, such community development corporations have produced more than thirty-five thousand units of housing and millions of square feet of commercial space.

As a result of such success, combined with the withdrawal of federal investment in and responsibility for low-income housing over the last twelve years, community development corporations now are the biggest developers of low-income housing in the United States.

Community development corporations have survived up to now because of resourceful and dynamic leadership. But we now need national leadership from the White House and from the Secretaries of HUD, HHS, Labor and Commerce to fund and expand this model process.

In order to supply additional funds and to help create a system of checks and balances that helps prevent federal red tape, HUD monies should be matched by funding from private sector foundations and corporations. For example, LISC was created by the Ford Foundation and six corporations in 1979. In 1991, the community development corporation movement was accelerated when LISC and the Enterprise Foundation received a commitment of over $62M from the Prudential Insurance Company, the Rockefeller Foundation, the Lilly Endowment and five other major private sector foundations to pump mostly loan money into twenty cities --
primarily for housing, but also for day care and other facilities. Local corporations, governments and foundations have supplied still more matches, with the net result that the entire plan exceeds $500M over five years.

As part of the expansion of national non-profit intermediaries and local community development corporations, there needs to be expansion of management training to the local organizations. Today, there are a number of national and local organizations which train non-profits in the community economic development field. As discussed in Chapter 3, the preeminent organization is the Management Training Institute in Baltimore, which has a one year management training curriculum. Principal staff of community development corporations participate in three training sessions over the year. In between, they work back home. Some of this time is spent in their usual job with their local community development corporation. Other time is spent on assignments for the Management Training Institute. The capacity of the Institute needs to be expanded significantly to train the greater number of community development corporations which we envision here. Other organizations like the Institute need to be created.

The Kind of Local Community Development Corporation That Needs to be Expanded

The New Community Corporation in Newark illustrates what is needed when we advocate for a process through which HUD funds LISC and Enterprise Foundation-type intermediaries to expand the number of local community development organizations to one thousand.
The Kerner Commission gave most prominence to the 1967 riots in Detroit and Newark. Shortly after the Newark riot, a Roman Catholic parish priest and a few neighborhood volunteers in the Central Ward of Newark founded a nonprofit agency called the New Community Corporation (NCC). Its mission was to help residents "improve the quality of their lives to reflect individual dignity and personal achievement."

Twenty-five years later, NCC is an $80 million-per-year enterprise, housing more than 6,000 people in ten well-maintained properties, caring for six hundred children in six day care centers, providing 2,800 meals daily and employing 1,200 people from the neighborhood. NCC has become New Jersey’s largest nonprofit housing operation and one of the largest in the country.

Its founder, Monsignor William Linder, was honored by President Clinton during inauguration week in 1993. Father Linder describes NCC as a "network of care," a safe haven designed for those residents who have never shared in the downtown area’s economic boom. It is not uncommon to meet NCC staffers who began there as high school dropouts and now have obtained master’s degrees. For his work to rebuild Newark’s central ward, Father Linder received a "genius" grant from the John D. and Catherine T. MacArthur Foundation.

The secret to funding NCC’s operations was part savvy and part independence. A $7M loan from Prudential Insurance helped NCC build a Pathmark supermarket -- one of only two full-sized supermarkets in all of Newark. The loan also established a credit union with $1.6M
in assets, a donut shop, a restaurant, medical offices, a spa and St. Joseph’s Plaza -- a $2.5M project to renovate the shell of a one hundred twenty-year-old Gothic-style church, which houses the corporation’s headquarters. Most of the funds are borrowed through long-term financing from government organizations like New Jersey’s Housing and Mortgage Finance Agency. HUD funds -- like Community Development Block Grants -- also were used. NCC learned to leverage state and federal money against private sector monies until aid to cities was cut during the past twelve years.

The problem with public funds, NCC officials say, is that city governments try to bargain favors for votes, and state and federal governments try to dictate conditions of aid. Yet private companies are no better, because they invest in operations that take money out of communities, instead of reinvesting it. As part of the package it negotiated with the Pathmark supermarket chain, NCC reaps two-thirds of the profits from the store. Those profits go back into the community in the form of other projects.

Although no evaluations of NCC have been completed, a multi-method assessment of the impact of its effects on NCC residents is now being conducted by The New School for Social Research’s Community Development Research Center. As part of the assessment, an ethnographer is living at NCC for one year, and community surveys of NCC and a comparison community will assess residents’ satisfaction, personal efficacy and community engagement.
Many other existing community development organizations illustrate what needs to emerge in new locations. Models with which the Eisenhower Foundation has worked or is in contact include Delancey Street in San Francisco (Chapter 3) YouthBuild nationally (Chapter 4), the Mid-Bronx Desperadoes Community Housing Corporation in the Bronx, the Local Development Corporation of East New York in Brooklyn and Baltimore Jobs in Energy Project, Inc.

**Housing as a Human Right, Not a Commodity**

How does a new non-profit delivery system that enables such groups to rehabilitate and build housing for the poor relate to the existing system? Presently, almost all those involved -- real estate developers, builders, mortgage lenders, investors and landlords -- seek a profit on the commodity. Practices in the private housing sector increasingly add costs to housing, from land development, through every stage of construction or rehabilitation, to final sale. In response, the Institute for Policy Analysis in Washington, D.C. has recommended a national housing program that treats housing not as a commodity but as a human right. The Institute's proposed alternative delivery system transfers the development, construction, rehabilitation and management of housing from the for-profit to the non-profit sector.

Details of this nonprofit-sector housing development and rehabilitation plan have been introduced in Congress. They provide a legislative point of departure from our present policy which, in effect, "bribes" for-profit developers to build low-income homes.
It will take a decade to develop enough new non-profit organizations to address housing needs for the poor. And there will be tremendous pressure from the lobbyists of for-profit developers to keep HUD money flowing to them. So we do not here recommend a dramatic increase in housing rehabilitation and building by non-profits in one year or two. Rather, we recommend a program over the next decade through which HUD expands the non-profit sector’s capacity and involvement. As success is demonstrated, the non-profit constituency will be further increased. Ideally, there will be significantly more people like Monsignor Linder, and significantly more organizations like the New Community Corporation -- with significantly more clout.

If HUD cannot play this role then an alternative institutional mechanism other than an existing federal agency will need to be found to nurture non-profit development.

It will be important to negotiate acceptance by U.S. mayors of a delivery system in which HUD, or an alternative institution -- funds national non-profit intermediaries, which, in turn, make loans and grants to local community development corporations. This can be done, in part, by continuing to channel some HUD funds to mayors, via housing grants and Community Development Block Grants. But the mayors should be required to use much of this funding for loans and grants to non-profit community development corporations which they choose, in low income neighborhoods. Federal funds should not be transferred to mayors for downtown improvement projects, like shopping malls and hotels, as was done with the Urban Development Action Grant (UDAG) Program, which thrived in the late 1970s. These grants enriched for-
profit developers, did little for impoverished neighborhoods, supplied few high quality jobs for high-risk youth and for the most part failed to enlarge the capacity of inner city non-profit organizations.

Non-Profit and For-Profit Linkages

At the national level, the non-profit Enterprise Foundation has a for-profit subsidiary that feeds revenues into the non-profit organization. Similarly, community-based organizations like Delancey Street and NCC are non-profits but have created for-profit businesses which are affiliated. We recommend that HUD require that all federally financed local non-profit housing and community development corporations create for-profit subsidiaries that feed revenues into the parent organization. The result can be a balance between tapping entrepreneurial potential and ensuring that inner city development is not used simply to benefit the affluent. The goal is to harness the physical development process to create job opportunities for high-risk youth. Up to now, HUD has done little to formally recognize the vast potential of physical development, including housing and commercial revitalization, as a way of investing in high-risk youth.

HUD needs to create a variety of options for how non-profit and for-profit activity can be interrelated. For example, although we believe that a priority for housing rehabilitation should be on non-profit community development corporations, we recommend that HUD also build on the model of the TELESIS Corporation, which is a for-profit economic development organization with great cost-effectiveness but also social development wisdom.
TELESIS is orchestrating the renovation of Paradise at Parkside, a northeast Washington, D.C. apartment complex. The project is half complete and will have over six hundred apartments when finished.

One of the most attractive features of the $20M Paradise at Parkside rehabilitation is the creative way in which TELESIS has combined financing partners. One funding source, for example, is the AFL-CIO Housing Investment Trust, which invested $10M in return for a guarantee that all the construction workers be union members. Other financing includes $6M from Consumers United, $3M from the Washington, D.C. Department of Housing and Community Development, $4.5M from HUD and $500,000 the U.S. Department of Health and Human Services (HHS). The Federal and National Mortgage Association (FNMA) is providing financial services.

Renovation costs average about $30,500 per apartment. This figure is in sharp contrast to the $130,000 per unit cost to the federal government and the District of Columbia government to renovate the near by Kenilworth-Parkside public housing complex, which was used by HUD from 1988 to 1992 as perhaps the best federal example of tenant management and ownership.

A group called the Paradise Cooperative hopes to convert the complex to cooperative ownership by residents in the future.
The founder of TELESIS, Marilyn Melkonian, a Deputy Assistant Secretary at HUD in the late 1970s, is a savvy, non-traditional developer who has innovated on the notion of intermediaries and handled politicians with understated sophistication:

She believes government must assist the poor and disadvantaged, but that private intermediaries can deliver services more efficiently than government entities. She founded TELESIS as a "competent intermediary" between what's left of government social programs and the people they are intended to serve. The Latin name, which she came across during law school, means "achieving a desired end through intelligent effort."

Unlike a traditional developer, Melkonian does not seek speculative real-estate returns. TELESIS doesn't own Paradise. Like a law firm, it is paid by the project for its services, which include arranging financing, coordinating the construction work, and administering the project.

"The reason that we formed TELESIS as a for-profit company," she says, "is because I believe that unless this kind of intermediary work can be done routinely -- as a business, in a sense, and not as a charity -- there won't be enough intermediaries."

Melkonian's public-policy expertise is complemented by her skill at dislodging icebergs from the federal cash glacier. She knows how to cut through HUD's funding red tape, but she also understands what politicians crave: credit. So those politicians who kept money flowing to Paradise were rewarded with media-friendly events during the course of the renovation.

Crucially, TELESIS has been able to integrate social development with this physical development, to create multiple solutions. Patrols by the Nation of Islam helped reduce fear and got the drugs dealers out. Employment training and classes on life skills, such as budgeting and home ownership, are being conducted by the greater Washington Mutual Housing Association. A day care center and after school tutoring for children are available to residents. Some
Paradise residents are working in construction and property management jobs at the
development. A youth organization founded by Paradise teenagers provides tutoring for kids.
Of the sixty members in the youth tutoring group, twenty two are graduating high schools
students headed to college. This is far higher than the average in the community.

The Capitalization of Community Development Banks

We also recommend that, directly and through national private sector intermediaries, a
network of community development banks be capitalized. The banks should be owned by inner
city community partners and should reinforce the creation of local for-profit/non-profit linkages.

We believe that the model for this initiative should be the South Shore Bank in Chicago.
Over the last twenty years, South Shore has proven that a determined lender can reverse the
process of urban decay and simultaneously make a profit. This process began when the founders
of South Shore bought a local bank. They created a for-profit real estate development company
and a non-profit community development corporation that worked closely with the bank. The
bank provided an opportunity for people to support social goals without risk, by investing in
federally insured deposits. The real estate company offered the possibility of profits, with some
risks. The community development corporation sought government and private grants.
The South Shore area consists of two hundred fifty square blocks and about 78,000 people in Chicago, not far from Lake Michigan. Today, South Shore has provided financing for about a third of the area’s housing stock.

A key ingredient in South Shore’s success has been its ability to attract deposits from outside the bank’s home market. This reverses a pattern more typical of many banks -- to collect deposits in poor communities and make loans in other neighborhoods.

On the basis of its initial success, South Shore has begun to expand to other locations. For example, in Southern Arkansas, South Shore was asked by the Winthrop Rockefeller Foundation to organize a community development banking company. It created the Southern Development Bank Corporation in its image. But rather than concentrating on real estate, which is the main business in the residential neighborhood which South Shore serves, the Southern Development Bank Corporation concentrates on creating businesses and jobs to replace the factory jobs lost around Arkadelphia and Pinebluff, Arkansas in the 1980s.

Both the original South Shore Bank, and its Arkansas replication found it difficult to finance small for-profit businesses. Most such businesses fail in low and middle income locations. Problems include lack of markets, management expertise and infrastructure. Often a loan is made to help open a promising new shop, but the store stands in isolation, with little else going on -- no synergy -- on the block or the nearby neighborhood. Based on many failures with such small business, South Shore now is cutting back on business lending where it is
vulnerable to loss. It is compensating by increasing loans that are guaranteed by the Small Business Administration. In 1991, South Shore made $8M of small business loans, the most of any bank in Chicago. At Southern Development Bank Corporation in Arkansas, the company is continuing with a business lending program that, since the late 1980s, has issued almost $11M of loans to borrowers who would not otherwise have received credit.

The founders of South Shore are cautious about replicating it in utterly devastated neighborhoods like south central Los Angeles. We are somewhat more optimistic. We believe that such community-based banks could initially be located on the margins of devastated places. These could be in neighborhoods where there is some infrastructure. Then, gradually, after success with initial operations, community banks could be capitalized in neighborhoods which have less infrastructure.

A local community development bank would need to assist entrepreneurs and expand infrastructure by establishing small business development centers to help provide basic capacities -- like auditing services, automated inventory control, business planning and accounting control systems.

Community development banks should encourage loans to established grocery stores, bank branches, clothing stores, pharmacies and other retail services. Such services are convenient for shoppers, but also reinforce a sense of community. These businesses provide jobs and opportunity for entrepreneurship among local inner city residents.
As one source of capital for community development banks, we believe that consideration should be given to proposals to tap public pension funds. Currently, public pension funds have about $600B in assets. These funds are invested in both stocks and bonds. One plan is to use just a small portion -- say ten percent -- to reinvest in the inner city. The vehicle could be a federally guaranteed security. It would be similar to a Fannie Mae or Ginnie Mae bond. Pension funds would be able to buy and sell these federal securities. The pension funds would provide both security and a market return on investments. With the federal guarantees, there would be no risk to pensioners. As part of a community development banking system, there is no reason why pension fund investment managers could not develop expertise with such new federally guaranteed securities.

We encourage development of the plan -- as long as concerns can be adequately addressed about the underwriting ability of the federal pension insurance agency -- the Pension Benefit Guaranty Corporation. The Corporation presently insures the pensions of about forty million U.S. workers. A recent U.S. General Accounting Office report has concluded that the Corporation has billions less than needed to meet long term obligations to retirees.

In addition to start-up capital, the federal government would need to provide tax credits to encourage investment in community development banks by local banks, corporations and individuals. Federal grants also would need to be made available to nonprofit affiliates of development banks.
The capitalization of community development banks should be linked to tougher enforcement by HUD of the Community Reinvestment Act of 1977, which requires banks to invest in their communities. To date, despite a lack of enforcement by federal regulators, the Community Reinvestment Act has been successfully used by local governments and community organizations to attract bank financing for housing development and homeowner mortgages. It also has been used to pressure banks to open branches in inner cities. In addition, it should be recognized that commercial loans can be as important to neighborhood strength as home mortgages. Accordingly, the Community Reinvestment Act should be strengthened to allow for evaluation of the lending performance of banks, based on commercial loans issued. Insurance companies should be added to Community Reinvestment Act jurisdiction as well -- because insurance plays an important role in the success or failure of neighborhood business districts.

We believe that a traditional federal agency might impose too much bureaucracy on a new community development banking system. A new institution probably is needed -- a National Community Development Bank. One partial model is the National Cooperative Bank (though without the power struggles that revolved around its creation). We need legislation that includes a major one-time appropriation of funds, with a time line for the entity to become independent of the federal system and self-sustaining. Included in this legislative package should be the authority for the National Community Development Bank to mandate cooperation from agencies like HUD, the Small Business Administration and the Economic Development Administration.
It would be important for such a new initiative to move cautiously with only a limited number of local development banks at first. There is only a very small pool of trained and experienced development bankers available to train new staff in new development banks. Development banking requires patience. It will not yield immediate and dramatic results, as Washington might want. The risk of making mistakes will be heightened if the number of banks outstrips the capacity to maintain quality control. Executives from the South Shore Bank, LISC, TELESIS and the Enterprise Foundation should be among those who help develop and guide the initiative.

**Enhanced Mobility**

Community development and housing rehabilitation by non-profits that is reinforced by community banking will enrich opportunity in the inner city -- but it need not rule out simultaneous policy to enhance mobility to the suburbs.

The Kerner Commission recommended that the nation:

> Enact a comprehensive and enforceable Federal open housing law to cover the sale or rental of all housing, including single-family homes.

Such an enforceable law never has operated federally. However, there have been local successes, and we can build on them.

In particular, the Chicago Gautreaux program uses housing vouchers to promote suburban integration. Poor inner city families receive housing allowances along with one-time assistance.
in locating housing in integrated or predominantly white neighborhoods. The program has been a success for fifteen years and has not aroused opposition from the suburban neighborhoods. Gautreaux families have experienced significant long term gains in education, employment, and economic well being according to careful evaluations. We encourage replication of this model initiative by HUD to all eligible households nationally.

Full implementation of Gautreaux should be part of a more comprehensive policy that attacks spatial segmentation. Gautreaux should be accompanied by carefully implemented plans to keep the middle class in or to bring it back to urban neighborhoods, as long as lower income families are not pushed out and are given good employment and educational opportunity. Improved transportation should allow people from city centers easier access to the suburbs and vice versa.

For spatial segmentation caused by school segregation, we need to open suburban schools to inner city residents, following the St. Louis plan, at the same time that the Elementary and Secondary Education Act reforms, the Carnegie National Urban Schools Program and the Comer School Development Plan are implemented to restore inner city schools (Chapter 4).

In terms of segmentation caused by income disparity, the need is to reform job training and placement for inner city residents and to assure that jobs are permanent, primary legal labor market employment (Chapter 4), and to make the federal income tax more progressive (see Chapter 7).
For segmentation caused by loss of tax bases from the central city to the suburbs, the federal government needs to condition grants to states and localities on local agreements to share across the entire metropolitan area (including suburbs) the value of commercial property, as well as other elements of the area-wide tax base, for property tax purposes -- following the successful model, for example, of Minneapolis/St. Paul (Chapter 7).

**Public Housing**

Our emphasis on delivering services through non-profit community-based entities also should be applied to public housing, which is administered by HUD. HUD makes annual subsidies to public housing authorities.

Public housing represents less than two percent of the nation’s housing supply. But it looms large in the national debate about housing policy because public housing facilities concentrate welfare dependency, high unemployment, teenage pregnancy, single parenthood, serious crime, drugs and other problems. This was illustrated by the Pruitt-Igo project in St. Louis, which eventually was dynamited by the city because it was unlivable. Today, one of the best examples of this concentration is in Robert Taylor Homes in Chicago where, as we saw in Chapter 3, the Project Beethoven has had limited but still commendable success with teen mothers, their infants and children.
We believe that public housing should not be scrapped. There are many horror stories. However, when public housing is well managed, as it is by the New York City Housing Authority, for example, it should remain as one of several options for housing the poor. Today, there are 1.3M public housing apartments and about 800,000 families on waiting lists at the nation's public housing authorities.

**Resident Management.** The key to making public housing work better is resident management of public housing properties. Where tenants are well organized and exercise real power, conditions improve, based on demonstration programs to date. Tenant managed developments appear to save money in the long run because tenants have a greater stake in their homes and therefore are less tolerant of destructive and costly behavior.

However, over the 1980s, while there was much talk about tenant management and "empowerment," there was little action. A few exemplary programs were touted, but these experiments had little national impact. A good example was Kennilworth-Parkside in Washington, D.C., which, as we saw above, cost HUD and the D.C. government $130,000 per unit to repair, while it cost the private sector TELESIS only $30,500 to repair Paradise at Parkside.

To expand tenant management, adequate funds need to be allocated by HUD to public housing authorities and then to tenants, so that substantial numbers can be properly trained in managing their own housing projects. This can be a first step to tenant-owned developments.
The goal should be to create resident-run community development and management corporations. Tenant managers and owners should receive adequate subsidies for repair and maintenance. Developments should be sold as limited equity cooperatives, not as single condos. This would guarantee that public housing can continue to be available for long-term residents after the initial owners have left.

In 1993 there was about $7B stuck in the HUD pipeline from the previous Administration, about $3B targeted for public housing -- so there are funds to expand the initiatives we advocate, as long as they are well managed by HUD and local public housing authorities.

Most importantly, however, tenant management and, especially, ownership can only be successfully expanded, we believe, if residents have access to the multiple solution preschool, childcare, education, job training, job placement, welfare and health care reform discussed in Chapters 3 and 4 -- so that tenants become more independent economically.

Public housing innovation should be accompanied by a much more effective drug and crime prevention strategy than HUD has implemented in the last twelve years. The goal of an improved strategy should be to secure the public housing neighborhood to allow social and economic development. Present HUD programs are heavily oriented to volunteerism, block watches and tenant patrols--which have been shown in evaluations to demonstrate only limited usefulness. (See more in Chapter 6.) As a bricks and mortar agency, HUD also has been
vulnerable to rhetoric about increased use of expensive hardware, locks, lighting, and physical redesign to make space more "defensible" -- even though such "security" does nothing to change the motivations of young high-risk public housing residents, like the gang members who told the developers of Project Beethoven in Chicago's Robert Taylor Homes to "stay away" for one day a month. (See Chapter 3.) This hardware approach to security has done little to reduce drugs and crime. The high cost of the hardware often has led to even more misuse of HUD funds.

**Fairview Homes.** A much better example of prevention in public housing is the Fairview Homes Crime Prevention Program, which was begun in Charlotte, North Carolina public housing in 1979 as part of the Carter Administration's Urban Initiatives Program. The Charlotte Public Housing Authority received $450,000 from four federal departments -- HUD, HHS, Labor and Justice -- as part of multiple solution interagency agreements.

The monies were used mostly to hire staff to run programs within Fairview Homes over two initial demonstration years. Persons employed included professionals, adult public housing residents who were "natural leaders," and high-risk youth who lived in the project. With the assistance of the Fairview tenant organization, a staff of sixteen adult residents and former residents was hired. Jobs also were supplied for forty-eight high-risk youth, aged sixteen to nineteen.

The program provided residents job training and work opportunity in money management, employment, health and anti-drug services. Residents also were trained in
ombudsman and advocacy skills—so that they might leverage resources to continue the program after the initial funding ended. Employment was chosen to nurture personal growth, skill development and control over one's environment and life.

An evaluation between 1979-1981 showed that calls for service to the police increased by fifty one percent within the housing project, while service calls in the rest of the census tract did not increase. Crime rates in Fairview Homes as measured by police declined during the program; crime in the remainder of the census tract and within the city of Charlotte rose. The most dramatic decreases in Fairview Homes, as measured by police, were in serious assault, robbery and burglary rates. Fairview crime rates based on interviews with residents also decreased. For the high-risk youth employed, between their employment in the early 1980s and the late 1980s, only three of the forty-eight had been arrested for serious crime (drug dealing and assault), based on housing authority and police records.

Parallel to Centro, Argus and Delancey Street (Chapter 3), the Fairview program was founded on the assumption that participants -- here public housing residents -- were competent to deal with their own problems. The Fairview evaluation observed, "In those areas in which the commitment to involving residents as working partners in program development and implementation was achieved, the greatest amount of success was experienced. Where residents were involved as partners with professional staff and management [of the public housing authority], the program reached and exceeded the goals. When the residents played only menial or limited roles, only a partial achievement of goals could be found."
The evaluation concluded, "Rather than talking to and planning for the residents of low income communities, programs seeking to serve these communities should begin to talk and plan with the residents for the services that will be offered."

After the 1979 to 1981 period, Fairview Homes fought severe fiscal constraints. For example, federal cutbacks during the 1980s "snipped the drug and alcohol program just as it started to gain some headway...." Yet, through funding from private foundations, local government and other sources, the program has continued in various forms and has been extended to other housing properties within the Charlotte Housing Authority.

**Boys and Girls Clubs.** Although not as comprehensive as the Fairview Program, we also advise expansion of boys and girls clubs in public housing. This recommendation is based on an evaluation by Columbia University from 1987 to 1990. In California, Florida, Illinois, New York and Texas, housing projects with boys and girls clubs were compared with housing projects without boys and girls clubs. The evaluation showed that the presence of boys and girls clubs appears to reduce misbehavior. Where there were clubs, arrests for juvenile crime dropped by thirteen percent, reported drug activity dropped by twenty two percent and reports of the presence of crack cocaine in housing declined by twenty five percent. The evaluation also reported reduced alcohol use, a decline in graffiti on the walls of housing units and a drop in requests for repairs of vandalism damage. The schools which served the young people who lived in public housing properties with boys and girls clubs found that there were fewer school
absences, better grades and a lower school failure rates than for young people in schools which served public housing properties without boys and girls clubs.

Police in Support of Community Enterprise and Reconstruction

We believe that innovative policing can play an important supportive role to economic and social development in low income neighborhoods, whether they be public housing communities or other locales. We emphasize supportive. In a departure from traditional policy, we view innovative policing not as a criminal justice end but as a means to community economic development.

Problem-Oriented Policing. What do we mean by "innovative policing"? Most promising is what has been called problem-oriented policing. The idea is not to react to crime after it occurs, which is what most American police do, but to prevent crime before it occurs by dealing with some of the problems which cause crime. For example, in a comparison group demonstration program by the Police Executive Research Forum in Newport News, Virginia, the burglary rate in high crime public housing was reduced by thirty five percent over two years. This was done not through making more arrests after crime had occurred, but, for example, through improving maintenance of the public housing properties, among other preventive rather than reactive strategies.
Similarly, in Prince George’s County, Maryland, police officers have been assigned as troubleshooters in a few key neighborhoods. They do not just make arrests. They also call crews to condemn dilapidated buildings, clean-up garbage strewn areas that attract drug dealers, mentor students with their homework and persuade older neighbors to watch latch-key children who are on their own after school. Over a one year period, violent crime reported to police dropped by fifteen percent in community policing areas, although a careful comparison or a control group design has not yet been carried out.

**Community-Based Policing.** In addition to problem-oriented policing, community-based policing also holds promise. Community-based policing means, getting officers out of cars and onto foot patrols. On foot, they can interact better with neighborhood residents, become their friends, increase reporting of suspicious events, and sometimes build on friendships to pursue problem-oriented policing.

There is little scientific evaluation evidence that community-based policing in the form of foot patrols reduces crime *per se*. Evaluations by the Police Foundation and others in Flint, Michigan; Kansas City, Missouri; Newark, New Jersey; Houston, Texas; and New York all point to this conclusion. Some findings indicate a reduction in resident *fear* of crime as a result of police foot patrols. This fear reduction occurs mostly in middle class urban neighborhoods, not inner-city locations. Hence, we are not suggesting that an increased police presence can by itself effectively attack the crime and drug problems in low income communities. But it can help the community deal with them. Wherever it is tried, community policing remains popular with
citizens. A police show of force can at least keep dealers on the move and help protect the operations of inner-city, nonprofit-based youth and economic development efforts.

Thus, for example, community and problem-oriented policing can help stabilize a neighborhood for investment and economic development. Existing businesses and public institutions can be persuaded to stay. New businesses and new public investments can be encouraged. Along similar lines, programs like Project Beethoven in Robert Taylor Homes in Chicago public housing, discussed in Chapter 3, can be better secured. The gangs in Robert Taylor Homes told program directors to close down once a month, to allow for gang activity. If there were sufficient and appropriate community-based and problem-oriented policing, gangs might be driven out of the public housing community -- so that the social development of Project Beethoven, including prenatal care, preschool, childcare and remedial education for the mothers, could better proceed.

**Police Mini-Stations.** But police innovation in support of inner city social and economic development includes many other possibilities beyond foot patrols. We believe that there is, for example, tremendous potential for the implementation of police mini-stations, as pioneered by the Japanese. Some of the mini-stations in Japan are residential. A police officer lives above the mini-station with his wife and family. (As of yet, there are no female officers so assigned to residential mini-stations.) Family members become neighbors to others in the community. The Eisenhower Foundation already has shown that this notion can be developed in U.S. territories and on the mainland -- in this case, the Centro Sister Isolina Ferre replication in the
Caimito neighborhood of San Juan, where initial evaluations have shown that crime has gone down in comparison with other neighborhoods, and in the South Bronx, where the Argus Community hopes to establish a residential station. (See Chapter 3.) The Japanese also have non-residential mini-stations, and these have been tried with apparent success in places like Philadelphia. Residential or non-residential, the mini-stations serve as a point where police and community can better relate to one another. *They are physical locations that can help anchor economic development, by offering the presence of police.* They are the physical points of departure for community foot patrols and problem-oriented policing.

There are still more variations on these themes. For example, instead of a separate mini-station, the police can have a courtesy or drop-in room that is part of a community-based facility. Police can be assigned for a certain number of hours each day. This can help reduce neighborhood residents’ fear of police and other participants in community-based facilities. In Alexandria, Virginia, single male police officers are being housed for low rent or at no cost in public housing, in the neighborhoods where they patrol. In Columbia, South Carolina, the city offers low-interest mortgages to police officers who purchase homes in low-income inner-city neighborhoods.

In places like Newark, New Jersey, the Japanese notion of home visits is being tried. Once or twice each year, an officer visits each home in his or her patrol area. The officer sits with the homeowners and inquires about experiences that are related to crime. Police gives tips on crime prevention. When this notion was first introduced to American police chiefs by the
Eisenhower Foundation on a delegation to Japan in 1988, the chiefs were skeptical. They thought that, in tough inner-city neighborhoods, especially, residents would not trust police to enter their homes. This has proven not to be the case, at least in Newark, New Jersey, where residents have accepted police visits.

**Being With Kids.** In Japan, police teach martial arts to neighborhood youth at district police stations. Japanese police believe that martial arts instill self-control and improve self-esteem among young people. The martial arts programs allow police to get in touch with youth and to mentor them in various ways. Such martial arts also are taught by many police departments in the U.S. One good example is that the Metropolitan Police Boys and Girls Club in northeast Washington, D.C. This is a magnificent new facility, where martial arts are taught in a setting that includes an auditorium, a full gym, weight rooms, employment training, remedial education and many other services for young people. Significantly, the developer of the program, Fred Thomas, has become the new police chief of Washington, D.C.

In Los Angeles, in spite of the great tension between police and the community in the south central riot-torn area, police help young people with their homework at the Challengers Boys and Girls Club. In San Juan and Ponce, Puerto Rico, young people, mostly in their early twenties, mediate between potential delinquents and the criminal justice system. At times, the Puerto Rico police will not arrest or charge a youth—with the understanding that an advocate will work with the young person. In France, as part of community service, young adults assist police in not dissimilar ways. The Puerto Rican and French experience is a refinement of the
recommendation of the Kerner Commission to deploy "community service officers" -- inner city youth who would assist police.

These are all activities in which the 100,000 more community police officers called for in the last Presidential campaign can be employed. We urge the implementation of this recommendation -- *but it only will have an impact if the new police work in innovative problem-oriented and community based policing*. As the experience in Washington, D.C. -- with the highest police-to-citizen ratios and homicide rates in the nation -- shows, more police *per se* won't necessarily change a thing. As many high-risk youth from inner-city neighborhoods as possible should be trained for such police employment.

**Police Training.** At the same time, police training needs to be vastly improved. Typically, in the United States, police are trained for perhaps five to eight months before they begin work. In Japan, police cadets with college degrees are trained for twelve months, and cadets with high school diplomas are trained for about eighteen months. This longer period of training is accompanied by more enriched experience, compared to American police. For example, Japanese police are taught English, and are computer-literate. In addition, when the Eisenhower Foundation first took American police chiefs to Japan in 1988, they observed police cadets at the training academies taking courses in tea ceremony and flower arrangement. The Americans were initially amused. However, when they learned that such training was meant to develop an awareness of the precision and beauty of Japanese culture, some of the Americans
concluded that this illustrated the need for more sensitivity to the many cultures and ethnic groups, and their values, that an officer on street patrol encounters.

The need for more police undertaking problem-oriented and community-based policing—including home visits, anchored by mini-stations, both residential and non-residential, accompanied by their need for improved training—also underscores our hope for more government responsibility for public safety. In spite of the often misleading political fool’s gold words of "volunteerism" and "self-sufficiency" used in the last twelve years (see Chapter 6), it is unrealistic and unreasonable to expect groups of ordinary citizens, who are not trained to cope with dangerous situations, to take the lead in public safety. Those citizens pay taxes to support public agencies that are established to train and deploy people for dangerous situations.

We should, then, return to more public responsibility for public safety, and deploy police in inner-city neighborhoods not so much as a criminal justice activity but as one key way to help secure economic, community, social, child and youth development.

The Kerner Recommendations. Beyond the community service officer recommendation, the Kerner Commission, deeply concerned about the behavior of police in many of the 1967 riots, also advised that the nation:

- Review police operations in the ghetto to ensure proper conduct by police officers, and eliminate abrasive practices.
• Provide more adequate police protection to ghetto residents to eliminate their high sense of insecurity and the belief in the existence of a dual standard of law enforcement.

• Establish fair and effective mechanisms for the redress of grievances against the police and other municipal employees.

• Develop and adopt policy guidelines to assist officers in making critical decisions in areas where police conduct can create tension.

• Develop and use innovative programs to insure widespread community support for law enforcement.

• Recruit more Negroes into the regular police force, and review promotion policies to insure fair promotion for Negro officers.

As Chapter 2 discussed, great progress has been made on the last point. The community-based policing and problem-oriented policing advocated in this section addresses the other recommendations well, in our view.

**Handgun Control**

Such interrelated improvement in public safety, reduction in fear, enhancement of neighborhood stability and encouragement of social and economic development can be further accelerated by strong legislation to control handguns, as advocated by many police chiefs, who have lobbied through their national organizations for a decade against the National Rifle Association (NRA). More teenage inner city males die from gunshots than from all natural causes combined. Yet, this malignancy of handguns in urban America, which contributes greatly
to inner-city neighborhood breakdown, is likely to continue unabated because Congress has not been willing to act.

As we saw in Chapter 2, the relationship between handgun control and handgun homicides is clear. In 1990, for example, the United States had well over ten thousand handgun homicides, compared to sixty-eight in Canada and twenty-two in the United Kingdom -- countries with strict handgun laws.

In 1967, the Katzenbach Crime Commission recommended federal and state legislation regulating the purchase, transportation, sale and possession of firearms. In 1968, the Kerner Commission endorsed this recommendation and added that "federal legislation is essential in order to make state and local laws fully effective, and to regulate areas beyond the reach of state government." Shortly thereafter, the Reverend Martin Luther King and Senator Robert Kennedy were assassinated with firearms, leading to still another Commission, the National Commission on the Causes and Prevention of Violence, chaired by the late Milton Eisenhower. In 1969, the Eisenhower Violence Commissioners concluded that "the United States still does not have an effective national firearms policy," and so:

We recommend federal legislation to encourage the establishment of state licensing systems for handguns. The federal legislation would introduce a federal system of handgun licensing, applicable only to those states which within a four-year period fail to enact a state law that (1) established a standard for determining an individual's need for a handgun and for the licensing of an individual who shows such a need and (2) prohibits all others from possessing handguns or buying handgun ammunition.
One of the arguments made by the Eisenhower Violence Commission was that removing handguns would certainly not diminish the motivation and desire of people to do harm to others. But, if the most lethal of all weapons, firearms, were not so easily available, the Commission concluded that the outcomes of attacks by people on other people would be less serious. That is, the outcomes would more likely be injuries than deaths. (In turn, the Violence Commission advocated for investments in children and youth to diminish the motivation to attack others.) In the nearly twenty-five years since the Eisenhower Violence Commission, no evidence has been presented to counter this research-based conclusion.

Today, we still do not have effective national firearms policy, even though public opinion polls show that ninety-five percent of Americans support some form of gun control. At least twenty-six states and scores of cities and counties have built on the recommendations of American police chiefs, in their battle against the NRA, and have imposed waiting periods on some gun purchases, banned the sale of assault rifle weapons, or both.

Yet Congress has not been courageous enough to pass some form of national gun control. Without it, many state and local laws simply can’t work, as the Kerner Commission recognized. For example, while gun sales are illegal in the District of Columbia, weapons can be purchased easily in neighboring Virginia.

The reason for the inaction, in spite of public opinion, is, of course, the NRA. It is perhaps the most feared lobbying group on Capitol Hill. The NRA has 2.6M members, four
hundred employees, assets of $128M and annual anti-gun control lobbying budget of more than $18M a year. Its contributes millions of dollars to Congressional candidates and has spent more than half a million dollars in independent expenditure campaigns to defeat candidates who support gun control.

The NRA is to gun manufacturers what the Tobacco Institute is to cigarette companies. In many ways, the NRA's latest marketing strategy, to persuade women to buy guns (as prevention against rape) and to persuade minorities and inner city residents to buy guns as part of a fear-based marketing campaign, puts the tobacco companies to shame.

By contrast, many police, who are on the front lines everyday, find the NRA's positions "non-sensical," to quote former Washington, D.C. Police Chief Isaac Fulwood. "If we are serious, let's do something about guns. Let's say to America, hey, the day of the Wild West is over. Because anybody can get a gun. Anybody."

We believe that the litany of unpopular issues which the NRA has come to defend -- like "cop killer" bullets, plastic "terrorist special" handguns and assault weapons -- make the NRA increasingly out of touch with American opinion polls and the police.

As with tobacco, we believe that firearms should be considered a broad based public health problem. It should be attacked as such by, among many other officials, the Surgeon General of the U.S. -- just as former Surgeon General Everett Koop launched the successful
attack against smoking in the eighties. The new public health campaign must focus on the widespread and virtually unregulated distribution of a hazardous consumer product -- which must therefore be taken off the market. Handguns and other firearms enjoy a unique role in the American consumer marketplace. Almost all products sold in America come under the regulatory power of a specific federal agency -- to assure safety to Americans. Guns are one of the notable exceptions.

It is past the time for a strong coordinated federal gun control public health policy. We support passage of the Brady Bill, requiring a seven day waiting period between purchase and delivery of a handgun, and also support the recent Torricelli Bill proposing a federal "one gun a month" limit on gun purchases. But these are mere stopgap measures. For real impact, we support the conclusions of Josh Sugarmann in his recent book, *NRA: Money-Firepower-Fear:*

The ultimate solution to America's firearms crisis lies in implementing a comprehensive regulatory scheme that gives a federal agency real power to control the design, manufacture, distribution and sale of firearms and ammunition. Each category of firearm and type of ammunition would be subjected to a risk/benefit analysis to weed out those products whose potential harm outweighs any possible benefits. Manufacture and distribution would be tightly controlled, with compliance actively monitored. And the number of licensed manufacturers, dealers and importers would be severely curtailed. The implementation of such standards would most likely result in an immediate ban on the future production and sale of handguns and assault weapons because of their limited utility and high risk. The granting of federal regulatory power would also act as a check on the industry from developing products it knows it would never be allowed to market.
Truly effective handgun control promises not just to drop the homicide rate by reducing access to the most lethal of weapons. It also can help reduce fear in inner city neighborhoods, increase feelings of security and so promote public and private investment -- which can generate services and jobs for youth-at-risk. No small part of the trauma experienced by people who work in and with Project Beethoven in Robert Taylor Homes in Chicago is related to the brutal day-to-day experience of fear through firearms.

**Bringing HUD Back to Pre-1980 Funding**

Much can be done initially by revising legislation and regulations covering, at present spending levels, the HUD Offices of Housing, Public Housing and Community Planning and Development to create a new non-profit housing rehabilitation and construction delivery system modeled after LISC and the Enterprise Foundation; new for-profit delivery systems modeled after TELESIS; a community development banking system modeled after the South Shore Bank; and, expanded public housing tenant management and homeownership anchored by a greatly reformed, multiple solution crime and drug prevention initiative supported by police.

But we should also face the reality that housing is expensive, and that much more low-income housing is needed -- as is demonstrated by the homelessness problem that our allies abroad cannot understand and our competitors use to criticize our system.
As we have seen, appropriations for HUD subsidized housing fell by more than eighty percent (inflation adjusted) between 1978 and 1991. In the last few years, appropriations have increased, but well over $10B is needed just to begin to approximate pre-1980 levels, and to begin to address the substantial housing deficit that has developed. Housing appropriation increases need to continue annually over coming years, as do increases in community development -- at the same time that inner city residents are employed in the development, the number of non-profit community organizations is enlarged, the capacity of existing models is expanded, and management training of non-profit executives is enhanced. Initial increments of expanded appropriations for non-profits can be undertaken in recognition that the HUD scandals associated with the Reagan Administration already have cost taxpayers an estimated $6.9 billion in Federal Housing Administration losses alone, according to the Secretary of HUD during the Bush Administration.

Revelations of widespread fraud and influence-peddling at the department during the 1980s rocked the final months of the Reagan Administration, and the Reagan Federal Housing Commissioner has pleaded guilty to conspiracy. The Bush Administration was lauded for cleaning up the corruption but is often criticized for focusing on only a few programs, especially the efforts, above, to help public housing residents to manage or buy their apartments.

Deep staff cuts have crippled the department’s ability to function. Officials cannot oversee programs adequately or review the work of HUD offices around the country,
jeopardizing the government's interests and allowing "waste and mismanagement to go unchecked."

Although we advocate for implementation in the private sector, we recognize the need for more well trained HUD employees to oversee the process. In a new report, in fact, the Inspector General's Office at HUD has warned that, unless the demoralized agency gets more well-trained employees soon, "another HUD scandal is a distinct possibility."

The Kerner Commission recommended that the nation:

- Reorient Federal housing programs to place more low-and moderate-income outside of ghetto areas.
- Bring within the reach of low-and moderate-income families within the next 5 years 6M new and existing units of decent housing, beginning with 600,000 units in the next year.

The plan in this report agrees with the low income focus, but does not envision sufficient resources for these levels of construction in the immediate future. However, while the Kerner Commission essentially had faith in the federally overseen construction processes which led to so much greed, profit-taking and corruption, our alternative system will greatly enhance the capacity of vehicles that figured relatively little in the Kerner Commission's thinking -- non-profit community development corporations -- which, we believe can meet the Kerner goals better in the longer run but also greatly enlarge the capacity and resources of inner city institutions and individuals. The process can be further accelerated through the non-profit/for-
profit linkages recommended above, as well as by private sector community development banking owned and controlled by people in the inner city.

**The Investment Gap, Productivity and High-Risk Youth**

Reducing the investment gap that exists between the United States and its major competitors -- Germany and Japan -- is one of the defining metaphors of the Clinton Administration.

Above and beyond targeted economic development and housing policy that employs high-risk youth in the inner city, we believe that the spirit of the Kerner Commission can be reawakened if only we incorporate the employment of high-risk young people into the process that reduces the investment gap and increases productivity.

Many economists support the notion that the success or failure of America's economic policies in the coming years can be measured best by productivity -- by how many cars or hamburgers or anything else Americans can make per hour. There appears to be reasonable consensus today that we must increase our productivity and improve our competitive standing vis-a-vis nations like Japan and Germany by investing in education and job training, as well as in public infrastructure.
Across most of the political spectrum there is little disagreement that well-targeted investment in infrastructure -- especially in maintenance of existing public facilities -- pays back far more than it costs up front. And it holds the promise of generating even greater returns by helping to restore the United States to economic competitiveness.

America today is the only major industrial society that is not reviewing and expanding its infrastructure. Figures 19 and 20 show the dramatic reduction in American infrastructure development over the 1980s and how this relates to the U.S. being far behind countries like Japan, Germany and France and in productivity -- just as we are behind them in child care, family policy, employment training policy and health care.

Elliott Currie points out that, while we allow our public capital to wither, these countries are now moving even farther ahead of us: The Japanese have embarked on $60B worth of public-works projects in the early 1990s; the French have committed $100B to the development of high-speed rail systems; the Germans plan to spend even more to rebuild and modernize the industrial base of the former East Germany.

According to the House Public Works and Transportation Committee, forty percent of the nation’s bridges are structurally deficient. More than twenty-eight million Americans are served by inadequate sewage treatment plants. By the year 2005, traffic delays because of inadequate roads may cost the nation $50B annually in wasted fuel and lost wages. In the extreme, the decrepit state of urban highways can lead to tragedy, as the mile-long collapse of
Figure 19

PUBLIC INFRASTRUCTURE INVESTMENT IN THE U.S.
1979-1989

PERCENT OF TOTAL FEDERAL SPENDING

FEDERAL SPENDING ON TRANSPORTATION AND OTHER PUBLIC WORKS

Sources: Congressional Budget Office and Business Week.
Figure 20
PUBLIC INFRASTRUCTURE SPENDING AND GROWTH IN PRODUCTIVITY, BY NATION

RECENT YEARS

PERCENT GROWTH IN PRODUCTIVITY

PUBLIC INVESTMENT + GROSS NATIONAL PRODUCT

Sources: Congressional Budget Office and Business Week.
Interstate 880 during the San Francisco earthquake of 1989 illustrated. In addition, the Federal Aviation Administration estimates that fifty-eight airports -- including those in Newark and Los Angeles -- will be seriously congested by the year 2000 causing delays for seventy-four percent of the nation's passengers.

The reason for all of this is a steady decline in federal spending on public infrastructure during the last quarter-century. For example, in 1980, more than four percent of all federal outlays were for infrastructure. By 1990, that share had fallen to two and one-half percent. Countries such as Germany, France and Japan, which spend a higher percentage of their gross domestic product on infrastructure, greatly outstrip the United States in productivity growth.

**Investing in Public Infrastructure**

Each $1B spent on infrastructure translates into 40,000 to 50,000 new public and private sector jobs. In a 1992 report, *Ready to Go*, the U.S. Conference of Mayors identified more than 7,000 public works projects that are on hold because cities lack the funds to implement them. These projects would create more than 400,000 construction jobs, and, calculating the multiplier of effect such investment, over one million jobs within a year.

Estimates of the infrastructure investment, led by the Department of Transportation, vary from the $30B to $40B that will be needed simply to refurbish the most deteriorating bridges and roads to the $500B investment during over the next decade proposed by New York City investment banker Felix Rohatyn. The Rohatyn plan, which we believe deserves careful review,
would finance this level of outlay through a new federal trust that would sell bonds to pension funds and individuals. The debt would be serviced through increasing federal gasoline tax by $.50 a gallon, to be phased in during a ten year period.

It is difficult to argue against the need for infrastructure development. Some critics, however, will caution about public sector investment misspending, and we agree. Improved oversight will be needed from expanded Inspector General offices in implementing agencies. At the same time, the executives of the deregulated S&L industry are reminders of how badly private investment has failed us in the last decade:

While the nation sits mired in an economy with too many auto plants, computer manufacturers, chemical companies and equipment makers, we have too few day-care centers, preventive-health clinics, early education and job training facilities, houses for the working poor.

In addition to infrastructure, there is a need for a broader public jobs initiative that is targeted, we believe, not only to public works, but also to public service. For example, Senator David Born has proposed a Community Works Program Administration that is designed to create the jobs for the unemployed and welfare recipients. Some of these jobs are illustrated by the success of Delancey Street in San Francisco and elsewhere and YouthBuild USA across the nation.

We endorse public sector jobs for both public works and public service, tied to reform of the failed JTPA system. Whatever the level of expenditure on public works -- and, we hope,
also on public service -- the goal should be to employ a substantial number of high-risk youth. In addition to such employment, and in addition to the more targeted employment in housing rehabilitation and construction which advocated earlier in this chapter -- we believe that the federal government should ensure that all eligible, high-risk youth and present welfare recipients are placed in jobs. As Elliott Currie concludes:

Linking a national program to build and maintain the infrastructure with a national youth-employment policy, in particular, makes sense from every point of view. With both in place, we could employ tens of thousands of young people now condemned to the margins of the economy and train them in work that helps rebuild their communities and enhance the indispensable physical foundation of the country. The work would be challenging, often physically demanding, and visibly useful; it could help transform bleak and depressed communities into places residents could be proud of—all at considerable benefit to the larger economy.

Whenever possible, public works and public service employment should be channeled through community development corporations. We must be aware, that, however great the pent-up need for infrastructure repair, for example, construction jobs generated as part of an economic stimulus plan, especially for those at bottom of the income ladder will only last for the length of the project. With community development corporations, which care about people in their neighborhoods as the delivery agents, the odds increase that workers can be transitioned to other employment after specific initial projects are completed. This is the kind of thing Father Linder has done with NCC. Channeling public works and public service employment through community-based non-profits also enhances the capacity of the grassroots institutions closest to the people.
Presently, the Davis-Bacon Act limits extensive work by community development corporations in employing high risk young people at low initial wages to repair and construct housing and to work on infrastructure repair contracts. The Act requires union pay rates. However, organizations like YouthBuild and Delancey Street have been able to negotiate agreements with unions for work on relatively small projects. In the significantly expanded role for community development corporations and high risk young people in the repair and construction proposed here, we will need to extrapolate on the YouthBuild and Delancey experience. As part of the need to reinvent government programs for the poor, we believe that the Secretary of Labor must seek to negotiate new waivers that allow for considerable expansion of community development corporations and entry level at risk youth construction workers. Such negotiations will not be easy, but we hope that unions recognize the importance of providing real opportunity to young people in the inner city, especially after twelve years of disinvestment.

**Military Conversion and High Tech Investment**

Infrastructure development is related to military conversion. In coming years, military spending will be cut, in part to divert investment to domestic requirements and in part to reduce the deficit. We believe that there is a need for a federal agency located outside of the Pentagon bureaucracy to coordinate conversion planning.

The conversion and retraining should include employment in repair of the physical infrastructure but also development of a higher tech infrastructure. The latter should include
consideration of national fiber optics and computer networks. We need to explore research development and implementation in smart roads, high speed and magnetic-levitation trains, biotechnology, ceramics, advanced composites, sensors, photonics, electronics digital imaging, artificial intelligence, robotics and computer-aided manufacturing.

Other new technologies should reduce environmental deterioration and pollution, for example, through innovations with natural gas and renewable sources of energy. If America's manufacturing stock can be rebuilt around clean production technologies, the economic possibilities for the next century are great. New U.S. industries to supply the technologies would develop. Established industries that adopted the technologies would have a strong new source of competitive advantage in environmentally sensitive world markets.

We endorse the proposal to redirect at the very least ten percent of the $76B Pentagon research budget to civil technology development -- and believe that the desirable percentage probably is closer to twenty.

Crucially, for this report, high-risk inner city youth and persons who are getting off of welfare must not be left out of the employment that is generated by military conversion and high technologies to close the investment gap. There are already partial models for how this can work. If high-risk young people are channeled into university education through I Have A Dream and related programs, their chances of employment in high tech industries are improved. But even if their education ends with a high school equivalency degree, we need a national
policy that plans on their job involvement in high tech operations and the industries that serve them. For example, in France, in the city of Lille, there is a training program, CIRFTEN, for computer maintenance by high-risk and disproportionately minority-foreign-born youths who have no previous work experience. The program is grounded in a partnership with a corporation that deals in computer maintenance and computer networking services.

Public investment must be balanced with deficit reduction. Once we achieve a higher rate of economic growth and a higher level of productivity, the deficit will, we believe, to shrink more rapidly because economic activity increases, as do tax collections. As the economy returns to more robust health, more rapid deficit reduction becomes possible. In addition, public investment will immediately begin to reduce the social deficit — based on disinvestment policies such as prison building and trickle-down economics that has accumulated over the last twelve years.

**Overall Funding**

We recommend an increase in appropriations of $15B per year for a minimum of ten years to expand the repair and construction of new housing for the poor via for-profits like TELESIS and especially via national intermediaries like LISC and the Enterprise Foundation that, in turn, fund local community development corporations. These appropriations also should cover capitalization of the National Community Development Bank, expansion of Community Development Block Grants targeted through mayors to the truly disadvantaged, expansion of the
Gatreaux program to all those eligible, expansion of public housing tenant management initiatives and boys and girls clubs, training and development of those new community-based and problem oriented police out of the 100,000 recommended who come from the inner city, and training and placement of inner city young people in housing repair and construction, urban infrastructure repair, supportive public service jobs (like teaching in inner city schools).

We recommend that $1B of this amount be appropriated for capitalization of the National Community Development Bank.

We recommend that $1B be appropriated for expansion of the Community Development Block Grant program, with block grants to mayors who would be required to use them for beginning new non-profit community development corporations and generating jobs for the truly disadvantaged; expansion of the Gatreaux program to all eligible low income inner city families; expansion of public housing tenant management and employment-generation initiatives modeled after the successes of Fairview Homes in Charlotte, North Carolina; and expansion of public housing boys and girls clubs.

We recommend that $13B per year be appropriated for housing repair and construction and other types of infrastructure construction projects in the form of public service and public works jobs. In Chapter 4, we also recommend $2B for such employment, as part of investing in children and youth and reforming JTPA. So the total that we have set aside for jobs specifically for inner city disadvantaged persons is $15B.
Total Jobs Generated

This amount of funding will generate roughly 150,000 public service jobs, including inner city police officers, and 234,000 housing repair, housing construction and public works jobs per year. Current estimates of the cost of one entry-level public service job per year are about $22,000 for salary, benefits, supervision and administration. Accordingly, 150,000 such jobs at $22,000 equals $3.3B. Current estimates on job creation for housing, community development and transportation projects reported by the U.S. Conference of Mayors based on a survey covering four hundred seventy cities and almost 4,400 urban transportation and community development projects suggest that the cost of one entry-level job in housing repair, housing construction and public works is about $50,000 per year. This covers salary, benefits, supervision, administration, materials, supplies and tools. Therefore, 234,000 such jobs at $50,000 equals $11.7B.

So we are recommending 150,000 public service plus 234,000 housing and public works jobs, for a total of 384,000 jobs for truly disadvantaged people in the inner city. The cost is $3.3B for public service plus $11.7B for housing and public works, for a total of $15B. We recommend more housing and public works jobs because they can lead to immediately observable results—like houses for poor people to live in, for which there is desperate need. This may help in securing continued political support and therefore funding for employment over long term, which is central to our plan. It also may be easier later to secure private sector jobs with skills in physical construction than, for example, with skills in social services (even though the latter still are in great demand in the inner city).
As much as possible, these jobs should be channeled through national non-profit intermediaries -- like LISC and the Enterprise Foundation, as well as newly created national entities. To be extremely conservative, we assume here that these intermediaries can leverage $1 in private funds for each $1 in public funds channeled through them. (Their historical leveraging ratios have been much higher.) If this leveraging ratio holds, then the 384,000 public service and public works jobs could be doubled, to 768,000, with the 384,000 additional jobs generated by private funds and based in the private sector.

The national, non-profit intermediaries will, in turn, channel these funds to local community development corporations. Over time, this will expand the capacity of existing community development corporations and help finance new ones. The expanded capacity of existing community development corporations and the emerging capacity of new ones will make them attractive for loans from the new National Community Development Bank -- for example, to start subsidiary for-profit operations. The local community development corporations are controlled by local inner city residents, and so their private ownership in the development process will expand with the infusion of the publically originated and privately matched employment funds.

Initially at least, there will not be community development corporations with enough capacity to implement all of the public works jobs recommended. Therefore, municipal public works agencies also will need to administer some of the jobs recommended here. But they must be required to target the truly disadvantaged.
As with the national intermediary organizations, like LISC and Enterprise, the National Community Development Bank should leverage at least $1 in private funds for each $1 of public funds. Again, this is an extremely conservative leveraging ratio. These funds will be loaned not only to non-profit community development corporations, but also to for-profit businesses, especially small businesses in the inner city, generating private jobs. With National Community Development Bank capitalization of $1B by the federal government matched by at least $1B more in private funds, a substantial number of private sector jobs will be generated.

The work of the national Corporation for Youth Investment, recommended in Chapter 3 at $500M per year, will be to replicate comprehensive youth programs—and some will generate a mix of private for-profit and non-profit jobs in the inner city. The CDBG, tenant management and employment initiatives recommended in this chapter will add more jobs. (In addition, the $1B in capitalization for the National Community Development Bank is one time. It is only for the first year of our ten year plan. For each succeeding year, we recommend that the $1B be used for more housing, public-works and public service jobs.)

The new job training system which we propose in Chapter 4 will provide Job Corps-like intensive remedial education and in-depth training in marketable skills. Compared to the present, ineffective JTPA system, this will mean that high risk youth trained in the new system will have a much better chance of securing a job in the private for-profit sector, without the need for public sector subsidized jobs.
Similarly, the development of high school vocational and apprenticeship training which we propose in Chapter 4, building on the German experience and on models like Project Prepare, where youth are trained for jobs with Hyatt Hotels, means more jobs for the truly disadvantaged in the private for-profit sector, without the need for public sector job placement.

We have recommended, as well, that high risk youth be employed in reasonable numbers in jobs generated by federal high tech investment. We have not budgeted for that investment here, because it is designed more to assist the middle class as part of the new economic and military conversion policies. But federal guidelines should, in our view, require that some portion of new private sector jobs resulting from a federal high tech financial stimulus be for inner city youth and other urban disadvantaged populations.

We have been discussing new spending. But the same logic applies to existing spending. For example, existing HUD funds for rehabilitating and constructing housing for the poor also should be channeled through national non-profit intermediaries, which leverage private sector funds, and which then channel the public and private funds through community development corporations to generate still more jobs for high risk youth.

In sum, very conservatively, we estimate that $15B per year for 340,000 public service and public works jobs can be leveraged into a total of at least 750,000 to 800,000 jobs per year for the inner city disadvantaged through all of the training and placement reforms, new institutions and leveraging mechanisms proposed in this report.
Total Jobs Needed

The current estimate by the U.S. Department of Labor is that about 1,750,000 African-Americans and Latinos in the labor force are unemployed in the central cities of major American metropolitan areas. This covers persons of all ages. Such an estimate is difficult to make (for example, because many people have given up trying for work). But it is about as good a "proxy" as is available for the true number of "hard core" unemployed in the inner city. (More ongoing work on such estimates is needed--there has been relatively little since the studies by the Kerner Commission in the late 1960s.) While we therefore take the estimate of 1,750,000 with a grain of salt, if it is at all reasonable, it means that our plan could immediately finance jobs for perhaps up to half of the "hard core" inner city unemployed.

We fall considerably short of a plan for full employment of all. But our proposal is a dramatic shift from the past twelve years that is politically feasible given the current priority on reducing the debt and generating overall economic recovery, especially for the middle class. Once good progress has been made in meeting these priorities, we can return to the truly disadvantaged, assess progress to date along the lines suggested here and secure jobs for all.

The level of employment for the inner city poor that we initially hope to generate -- 750,000 to 800,000 jobs -- is at or above the level of CETA at its peak in the late 1970s -- of about 750,000 jobs. Our system also will incorporate better training, more safeguards against abuse, and a better mix of private non-profit, private for-profit, and public employment.
The Kerner Job Goals

The Kerner Commission identified 500,000 "hard core" unemployed in the central cities in the late 1960s and recommended that the federal government:

- Undertake joint efforts with cities and states to consolidate existing manpower programs to avoid fragmentation and duplication.

- Take immediate action to create 2M new jobs over the next 3 years -- 1M in the public sector and 1M in the private sector -- to absorb the hard-core unemployed and materially reduce the level of underemployment for all workers, black and white. We propose 250,000 public sector and 300,000 private sector jobs in the first year.

- Provide on-the-job training by both public and private employers with reimbursement to private employers for the extra costs of training the hard-core unemployed, by contract or by tax credits.

Our plan falls short of these goals, too, but, again, it is, in our view, a solid and politically realistic point of departure, for the 1990s. If the nation can achieve the job levels for the disadvantaged proposed in the present report, over a ten year period when the debt, savings and loan bailout and recession are brought under control, then we can train and employ what remains of the hard core poor and move with more dispatch to meet the Kerner employment (and housing) objectives.

Importantly, our strategy for employment and housing operates as much as possible through community controlled non-profit organizations. This expands the capacity of the organizations, as well as the ownership and stake of those who live in the inner city. Through the linkages recommended here between non-profits and for-profits, our plan expands the private
sector wealth and job opportunities of the inner city poor. By contrast, the Kerner Commission strategy was more top down, with much less true capacity building recommended at the grassroots level.
6. REPLACING FOOL'S GOLD WITH RESPONSIBILITY

The new Administration is framing the contemporary dialogue on the legacy of the Kerner Commission with words like children, investment, replication, reinvention, bonding, leadership, responsibility and sacrifice.

These words need to replace many of the words used over the 1980s and early 1990s. The latter were sold as fool’s gold, in our view, to try to distract the public from the federal government’s decision to disinvest and to allow economic conditions to deteriorate for the middle class and the poor. In particular, fool’s gold was sold in the form of supply side economics, enterprise zones, volunteerism, self-sufficiency, partnerships and empowerment.

Supply Side Economics -- The Case of Enterprise Zones

The economic policy of the 1980s was based on supply side economics. It gave tax breaks to the better off and asserted that many benefits would trickle down to the middle class. President Bush first called this "voodoo economics" and then embraced it. As a result, the rich got richer, the middle class and the poor became worse off and the deficit increased from $74B in 1980 to $290B in 1992 (Figure 6).

From a Kerner perspective, voodoo, supply side economics also came into play via enterprize zones. They have been advocated by many Republicans and Democrats, and
bipartisan interest continues to be fashionable among those who have not reviewed available evidence. Yet enterprise zones appear to represent still more failed, trickle-down economics, based on scientific evaluations.

The notion is that, through tax incentives to entrepreneurs, we can create new businesses in the inner city. Over the last decade, more than five hundred enterprise zones have been tried in thirty seven states. Nonetheless, according to the testimony of William Cunningham, Legislative Representative of the American Federation of Labor and Congress of Industrial Organizations, evaluations have not found significant employment or economic development benefits. For example, in Louisville, Kentucky, there was little evidence that tax breaks induced anyone to invest in an enterprise zone who otherwise would not have done so. Only fourteen percent of the jobs created in the zone went to persons unemployed or on welfare who lived in the zone. Experience so far suggests that most of the jobs and businesses are imported from another city or nearby neighborhood not quite devastated enough to fit the enterprise zone criteria. This does not add any new jobs or reduce the overall unemployment rate. Nor does the plan guarantee that the jobs will pay decent wages or go to inner-city residents.

The U.S. General Accounting Office’s evaluation concluded that the Maryland enterprise zone program "did not stimulate economic growth as measured by employment or strongly influence most employers’ decisions about business location." According to Business Week, one study found that infrastructure, low crime rates and access to labor markets were more important factors in site selection than tax rates.
A drug dealer, wearing a tee-shirt from the Narcotics Task Force of the New York City Housing Authority, was found shot to death in Washington, D.C. recently.

Photo by Metropolitan Police Department, 1992.
In a careful examination, the Urban Institute reported that "...extensive evaluations of state enterprise zone programs have found no evidence that incentives have contributed to employment or investment growth in designated areas." The study also found that "most proposed enterprise zone incentives are poorly targeted on the poor. Few of the tax benefits in the leading proposals accrue directly to the disadvantaged residents of enterprise zones. Instead much of it goes to reward businesses for behavior that will not necessarily benefit the poor."

The Urban Institute study examined proposals for fifty enterprise zones that the Bush Administration had submitted each year. It was estimated that, even if the proposals had been a complete success by the Administration's standard -- an outcome the Institute considered quite unlikely -- they would have affected at most 1.5 percent of the U.S. poverty population. The Bush Administration's budget showed its enterprise zone program would lose $1.8B in revenues over five years. Importantly for us, the Urban Institute study concluded that the federal resources expended to provide these generous tax subsidies in the fifty enterprise zones could better be spent expanding effective programs for low-income children.

Enterprise zone-like tax breaks and related benefits also have led to scandal in the inner city, like the money misspent by the Wedtech Corporation in the Bronx. As recent studies both in the United States and in Great Britain show, the hidden costs of enterprise zone strategies in lost tax revenues actually render them prohibitively expensive, in terms of costs per job created. "There is evidence," wrote the conservative Economist, "that they [enterprise zones] are often wasteful and tend to displace rather than create business activity."
Regardless of which enterprise zone experiment one chooses from among the many proposed, it is hard to find any plan that recognizes that the formula for success in the inner city is multiple solutions to multiple problems, and that youth investment must be integrated with economic development in a very comprehensive way. For example, if entrepreneurs were given trickle-down benefits in the inner city, what provision is there for them to hire high-risk youths and ex-offenders -- given that their venture already is, by definition, risky? What provision is there for remedial education, linked to Jobs Corps/JobStart/YouthBuild-type training and continued counseling via mentors during job placement by the ex-offenders in the businesses created by the entrepreneurs? Few schemes show clearly how there would be sufficient educational and employment investments in high-risk youth over a sustained period of time with sufficient mentoring. Nor, typically, in enterprise zone experiments, are indigenous community leaders given leadership roles.

As French President Francois Mitterrand observed after the Los Angeles riots in 1992, "It’s very nice to promote capital, profits and investment in business, but those riots show that the social needs of any country must not be neglected."

What we need, then, is bubble-up social and economic development that creates real infrastructure in devastated communities. For-profits can help in the development of that infrastructure, as long as the process is led by non-profits. Once the infrastructure is in place, more for-profit institutions will find it more attractive to invest. It is at this stage of
development of the inner city, and not before, that we should return to the potential role of for-
profit enterprise zones.

**Volunteerism**

We were told over the 1980s and early 1990s that vast sums were needed for paid professional with support staff and high quality equipment in the military, but that volunteerism -- a "thousand points of light" -- was among the answers to the inner city. However, careful evaluations have found that, while spirit the of volunteerism was to be commended, it had very sharp limitations in the inner city. Some forms of volunteerism seemed to be effective, according to these American evaluations. One example was mentoring of high-risk youths. But even mentoring fails, according to a study by Public/Private Ventures, unless the volunteers have the right motivation, are of the right ages, have appropriate experience and are backed with sufficient resources (like vans to go on outings).

In addition, inner-city residents, already overwhelmed by poverty and increasing inequality, often do not have the time and energy for much voluntary activity. When they do, some forms of volunteerism simply do not work. For example, volunteer citizen block watches did *not* reduce crime in inner-city neighborhoods, based on almost all responsible American evaluations over the last decade. Sometimes they reduced fear while crime remained high or even increased. This created a false sense of security. Often, citizen volunteers complained that they could not deal with the "heavy metal" fire power and other means of violence associated
with drug dealers. Importantly, these inner-city citizen volunteers asked for *more public service investment* -- in the form of more police, as long as they were adequately trained and sensitive to community control.

What is clear from many Eisenhower Foundation inner-city evaluations is that creative voluntary efforts notwithstanding, a reliance on volunteerism is no substitute for adequately resourced programs and adequately rewarded and trained staff.

One problem we found in many places was a sheer inability to recruit a stable pool of inner-city volunteers for program activities. The main cause seemed to be that most of those who might have been qualified for the tasks needed paid employment rather than volunteer work. An East New York program, for example, planned a volunteer subway station watch, to be trained and supported by the New York Police Department, in response to residents' fear about crime at two local stations. "Despite considerable efforts, they had little success in getting volunteers. The project director attributed the lack of response to residents' need for paid work, as opposed to volunteer work, and the possible danger involved." In a Bronx program, according to the evaluation, "recruitment of volunteers appear to be an almost constant activity for the program" -- and one which therefore consumed an inordinate amount of the limited time and energy of the paid staff.

Despite these constant efforts, volunteer participation in many program activities fluctuated unevenly. A particular problem Eisenhower programs encountered was the turnover
rate among neighborhood residents, making it difficult to maintain both tenant associations and tenant patrols. Patrols often start up and work actively for a short time, then peter out unless they are reactivated by specific incidents in the neighborhood.

Drawing on effective volunteers is difficult even in more advantaged communities. For example, a 1989 national Washington Post-ABC poll found eighty-five percent of the respondents agreed that "very few would be willing to join a community group against the drug problem."

Getting volunteers is all the more difficult in the poorest neighborhoods. The fact that they are resource-poor to begin with is part of the reason why they are faced with the problems of drop outs, unemployment, crime, drugs and deterioration of community life. In a Philadelphia program, which we evaluated, some staff noted the special difficulty in recruiting volunteers because of the high proportion of female-headed households in the neighborhood. Many women in the community already have their hands more than full coping with family and work; it also reflected the decline of available working age men in many disadvantaged inner-city neighborhoods. The Eisenhower Foundation also found that it often was difficult to recruit male volunteers, and indeed in many projects the majority of volunteers are women. But it is not easy to recruit women on a stable basis either in poor communities where substantial proportions of local women were hard-pressed and already overburdened.

Recruiting difficulties mean that many organizations hoping to run some of their programs by relying heavily on volunteers are sorely disappointed. In East New York, though
neighborhood youths responded eagerly to an after-school program, we found it very difficult to get their parents involved. Our community group had hoped that parent volunteers would take some of the load off the program staff and VISTA workers and, more generally, that "parents would become involved in the crime prevention program through their children." But only one parent volunteered to help with the after-school program, and few contributed to fundraisers sponsored by the VISTA workers to buy supplies for the program.

It was not only other commitments or lack of energy that kept potential volunteers away from many Eisenhower Foundation-funded neighborhood program activities. In several places, the program launched projects -- like block organizing against drug-dealing and youth crime -- that were inherently dangerous, and were made more so, because offenders and drug dealers, far from being outsiders to the particular community being organized, often were local residents themselves -- living on the same block, perhaps with eyes and ears at block meetings. In general, much of the work to achieve public safety in these high-risk communities -- a job often erroneously thought to be especially appropriate for volunteers -- is tough and dangerous, which can put participants in real peril. This fact underscores the need for better linkage of community programs with police and other funded public services, as discussed in Chapter 5.
"Self-sufficiency," defined as providing a way out of welfare dependency, also was set forth as a prominent federal goal over the 1980s and early 1990s. Yet the effect of American federal supply side tax policy and of federal disinvestment in the 1980s led in just the opposite direction. Trickle-down economic policies made more people more welfare dependent.

Self-sufficiency also was a term used in the context of inner-city, non-profit community development organizations. Over the last decade, American federal grants increasingly were awarded on the condition that the non-profit organization would be able to secure ongoing financing, after two or three years of federal assistance -- often, ideally, through internally generated income streams. Such a definition of self-sufficiency for a non-profit institution proved extremely naive and cruel. The problems that inner-city non-profits faced were often overwhelming, and had to do with the growing inequality in the broader American economy and society. These organizations were dealing with extremely high-risk populations. Often the young people served had many contacts with the juvenile justice system. There were some successes at generating inner-city income streams -- like Delancey Street in San Francisco, where ex-offenders have built their own housing complex on the Embarcadero and have organized many businesses which have turned a profit. (Chapter 3.) But it has become painfully clear that, while models like Delancey Street should be replicated as much as possible, most institutions in the private sector working on inter-related, inner-city problems will in the short and middle run need ongoing public sector support, particularly for operating budgets.
When it comes to utterly devastated places like south central Los Angeles, the south side of Chicago, the south Bronx, or southeast Washington, D.C., there is little infrastructure in place. It is naive to assume self-sufficiency after a year or two. We need long-term commitments with comprehensive solutions.

This conclusion may be difficult for supply siders to fathom. But it is common sense to anyone with a street level familiarity with community-based programs. As we have evaluated community initiatives over the last twelve years, over and over again, we found that programs were frustrated, hampered, and sometimes stillborn because of insufficient funds for more paid staff, the absence of qualified, trained people to hire even had the funds been available, lack of space for program activities, and lack of money to pay for the most basic, essential supplies.

In a program which we evaluated in East New York, despite help from several VISTA volunteers, the project was "overwhelmed by the work." One staff member said: "There's too many things to do at one time; block organizing, clean-ups, meetings, fundraisers, the after-school program and cleaning the office." Several programs had trouble hiring, and even more trouble retaining, project directors--in part, as the evaluation notes, because of the "low salaries offered." In Philadelphia, a program had only one staff member for the first ten months of program operations; the first project director "received a better job offer and resigned" after a few months' work, as did the coordinator of a program for senior citizens. The program's executive director commented, "With non-profits, it's terrible. The pay is low, especially for
professional people. They'll do it when they don't have other opportunities, but when something better comes up you can't blame them for taking it."

As we have seen, the CEO of Coca Cola makes $80M per year. Some community drug prevention workers in public housing make $20,000 per year. Our market economy has decided that making a syrupy sweet is four hundred times more important than saving a youthful life.

Such salary and related resource limitations had a fundamental impact on the character of many programs which we evaluated in the 1980s. In Philadelphia, the constant turnover of staff made it more difficult to maintain the momentum of the program and to establish a coherent framework within which program activities could be developed. In some instances, the program seemed to develop more in response to external conditions than to the internal plan of the program.

In the Mid-Bronx program, a well-planned employment information and referral service folded after a few months of operation, because there was insufficient staff available to run it, and the economic-development specialist who served as its director left after a few months, with no one hired to take her place. An after-school program in Washington, D.C., similarly, never got off the ground because no one had "sufficient time for the many tasks involved in implementing a new program."
The low level of funding also means that most programs must cope with a lack of basic materials—vans, cars, recreation equipment and office space. The Mid-Bronx Desperadoes’ successful civilian patrol was forced to plan its coverage of the neighborhood depending on whether it was able to borrow someone’s car. The lack of a vehicle on a steady basis meant that the patrol was mainly on foot, which naturally limited its range. "One member had voluntarily used his car for several weeks," the site evaluation notes. After a while, however, "he became reluctant to continue this as no other member used his/her car for patrolling." Another member donated a car to the patrol, but it needed repairs and insurance, and "the project director was still in the process of completing these arrangements at the end of the grant period."

*This, then, is the other side of the limits to volunteerism — the great, and often under-appreciated, importance and potential of sufficient public sector resources in supporting inner-city youth investment, economic development, crime prevention, gang prevention, drug prevention and school dropout prevention.*

**Partnerships**

The word "partnership" sometimes has been used as fool’s gold, as well. The U.S. government has encouraged coalitions of programs and organizations, with the promise of strength in numbers. But if, for example, one coordinates an unsuccessful inner-city program like neighborhood block watches with an unsuccessful inner-city program like enterprise zones,
the result will be a coordinated but still unsuccessful partnership. We must be sure, then, that the individual interventions that are partnered actually work.

Perhaps the best example of the misuse of the word partnership is in the Job Training Partnership Act. As we have seen in Chapter 4, in spite of the use of the word partnership in this program, the interventions that were partnered simply have not worked. Specifically, in the case of high-risk youth, young people who have participated in this job training partnership have actually done worse than young people in the comparison group.

Another example of questionable partnership has been the "Weed and Seed" program, promoted by the Justice Department beginning in the 1990s. The concept is that, in high crime neighborhoods, law enforcement teams will first "weed out" drug dealers and other undesirables, to secure the neighborhood. Then prevention programs are to "seed" the same neighborhood. On the surface, this program was touted as, in effect, one that addresses multiple solutions to multiple problems. However, most of the interventions are on the "weed" side. There is little new funding planned for the "seed" side. There is little provision for intensive remediation linked to job training with placement in economic development in the immediate neighborhood. Funding is inadequate. Only a few places around the nation are grant recipients--there is no sense of replicating to scale.

For the Center for Substance Abuse Prevention (CSAP), an agency which we believe receives high marks and which should lead the expansion of demand side programs which we
advocate, the issue is not really use of partnership for extensively coordinated interventions that do not seem to work. Rather, the issue is giving the concept of partnership the highest priority before evaluations have proven that alternative concepts are less promising. Specifically, CSAP has funded a large number of partnerships and coalitions around the nation to prevent drugs. From 1988 to 1992, the White House used these coalitions as proof of the success of the war on drugs (in spite of the statistics in Chapter 2 that suggest its failure). Yet, these partnerships are very new, evaluations of them have just begun, and in a number of cities the evaluation designs are quite inadequate.

On the other hand, CSAP also has a national program which makes grants directly to individual community-based youth organizations. These grants do not require excessive partnering. One can at least imagine that, if enough of such community-based youth organizations receive grants, and if they each do a good job in their own neighborhood, then "a thousand flowers will bloom." In other words, it is conceivable that enough programs can be created so they blanket a geographic area, even if there is no great emphasis on partnership as the silver bullet. This, in fact, is closer to the strategy that LISC and the Enterprise Foundation used to reclaim major parts of the South Bronx.

Our point here is not that we assume that all CSAP Partnership grants will fail. To the contrary, some of them have the kind of multiple solutions to multiple problems that predict eventual success to us. But the reason for giving priority to partnership grants rather than to more focused grants on individual, community-based organizations serving youth might have
been more influenced by political dictates beyond CSAP's control than scientific findings more within its operational mission.

**Empowerment**

The word "empowerment" became fashionable over the 1980s, particularly for public housing communities. It was used to describe programs for tenant management and tenant ownership. The trouble was, with very few resources available, such programs were limited to a few demonstrations. For example, one such demonstration, in Washington, D.C., became a showcase for visitors. Even the Queen of England came to see it. Yet, without sufficient resources to train all or most tenants in all or most public housing such empowerment did not promise any national impact. Similarly, to provide the training and resources necessary for tenants throughout all public housing to own their own housing, should they wish, little national impact could be expected.

So, in part, we have been left with endless, modest demonstrations which mainly empowered the bureaucrats and political appointees who created them, as well as the technical assistors and evaluators who watched over them.

The political appointees of the 1980s and early 1990s are now back in the private sector. Some are joining or creating non-profit institutions that advocate empowerment as they used the term when they were in government. But the non-profits advocating this cause also are soliciting
money from private and public funders to cover the costs of operating their institutions. In other words, they are reinventing the need for more resources.

Care also was taken over the 1980s not to use the word empowerment in many areas where it did make sense. There was, for example, no use of the word empowerment to describe innovative ways to invest in remedial education linked to job training and placement, which would provide a pathway out of poverty for high-risk youth. There was no use of the word empowerment to describe tax changes that would encourage more non-profit youth organizations to create multiple solutions to multiple problems in the inner city. And there was no use of the word empowerment to describe increased access by the poor to the legal system.

One consequence is that American psychologists have invented a new term — "post empowerment syndrome." This refers to a program for the poor that is funded for a few years, and then encouraged to become self-sufficient. When it fails, and when participants realize that they are not truly empowered, they become even more frustrated and angry. As a result, they may be less likely to accept subsequent strategies, however well-intentioned and well-designed.

**Political Perspective**

These terms do have their place. Enterprise zones could contribute, eventually, to well-resourced multiple solutions. Most successful initiatives need and use volunteers; Head Start is a good example. We need to replicate the principles of ventures like Delancey Street which
are financially independent. Linking remedial education, training and placement, as in Job Corps, is a partnership we must have. Sufficient investments will give the disadvantaged more power. The concepts only become fool’s gold when they are pro-offered as panaceas. That is what happened over the 1980s.
Sister Isolina Ferre, who started Centro Sister Isolina Ferre in Ponce, Puerto Rico and also in San Juan, congratulates student athletes on their volleyball championship. The Centro community centers offer multiple services based on the "dignidad y respeto" (dignity and respect) of residents in impoverished neighborhoods.

Photo by Gamaliel Martinez, 1992.
7. **FINANCING WHAT WORKS**

Compared to fool’s gold, the policy that *does* appear appropriate -- investing in children and youth and reconstructing our cities -- is just common sense. It simply takes those programs that have already worked in the public sector and combines them with those programs that have already worked in the private sector. It encourages public-private ventures--if they have proven themselves. It builds on the experience that private sector human and economic development, is, in no small part, better led by *non-profit* organizations than for-profit organizations in the inner city. It advocates replication on a broad, national scale of programs with scientifically proven records.

The policy priority is to replicate to scale and manage well those multiple solution, private, non-profit community-based programs--like Argus, Centro, Delancey Street and the New Community Corporation -- that already have succeeded in child, youth and economic investment, along with innovative for-profit community oriented ventures, like TELESIS. These replications should be coordinated with expanded public sector initiatives in inner city school reform, Job Corps-inspired job training linked to job placement and economic development, community banking, infrastructure and high tech development, and problem oriented-community based policing. Such a comprehensive package should be financed at the federal level, but also leveraged with as many private resources, and state and local public resources, as are feasible--after many years of state and local belt tightening due to federal disinvestment.
Neighborhood-Based Implementation

Our experience has been that the most cost-effective, least bureaucratic way to create urban change is to design programs locally. When people have a stake in designing and planning a program, they will work harder to implement successfully what they "own."

As proven vehicles for implementing change, inner-city nonprofit organizations typically are closer to the people than more distant bureaucracies. The nonprofits are channels for genuine popular participation. Our evidence is that community organizations, if well managed, can deliver multiple solutions more efficiently and at lower cost than most other institutions. Community-based and street savvy for-profits like TELESIS also engage genuine grassroots participation.

Next in closeness to the people, and therefore usually next most preferable as the vehicles for implementing change, are public and private institutions at the city rather than state level. Here the lesson for increased cost-effectiveness is not to base programs "downtown," but in neighborhood-based offices of city government and private agencies. Some American cities already have some such "one stop shopping," but it is not widely implemented. The French have better local coordination of services and so provide a partial model.
Local and State Investment

As part of the national program recommended in this report, local strategies can and should be financed, in part, by state and local resources. If, for example, state and local authorities were to reallocate just five percent of the $44B annually spent on the criminal justice system at their levels of government and channel the funds to community-based nonprofit organizations, the amount would be over four times that proposed for the national Corporation for Youth Investment, funded at $500M per year.

Community-based groups can be creative in helping cities to identify new sources of local revenue. For example, ALTERBUDGET, a coalition of nearly one-hundred community-based social service agencies in New York City, developed a proposal for an increased hotel room tax in order to bridge the gap between revenues and needed social services. Today, many local organizations, working with mayors, find that time spent analyzing local budgets and identifying loopholes and waste is valuable in uncovering additional funds.

The greatest potential for local resources lies in the suburbs. We return to Secretary of Labor Robert Reich's concern with the "fortunate fifth" of the income distribution, who have escaped to the suburbs, which have separate governmental jurisdiction and taxation from the central city. These people relate to and communicate with their counterparts in other cities and countries -- by phone fiber optics, faxes, computers and satellites -- more than they communicate with and assist poor and minorities in their own immediate metropolitan and regional areas.
The federal government must open the tax bases of the fortunate fifth to the needs of truly disadvantaged who live in the same metropolitan area. The federal government should attach very strict tax base sharing requirements on grants to states and localities. As the Urban Institute recommends (emphasis added):

Grants from higher level governments can be tied in part to local agreements to share the value of commercial property, as well as other elements of the local tax base, for property tax purposes. Minneapolis/St. Paul, for example, has now implemented a state-mandated policy of neighborhood sharing of a proportion of the growth in metropolitan area revenues. Such tax-base sharing may appear extreme, but not from a comparative perspective. Few other countries permit the degree of local fiscal separateness that has become common in urban America.

Of course, federal disinvestment over the last twelve years has placed an enormous burden on state and local budgets. In New York City, for example, sixteen percent of all revenues came from the federal government in 1981, but only ten percent in 1990. And local and state governments already have greatly increased taxes. In 1991 alone, for example, state tax hikes totaled $18B.

**Federal Investment--and Targeting of Funds**

It will be difficult, then, to finance most of the reform advocated here through state and local monies. This is in keeping with the legacy of the Kerner Commission, which saw the federal government as the only institution with enough resources and, potentially, the moral authority to reverse the crisis of two societies, more separate, less equal. The Commission
called for significant new allocations that would supplement, not supplant, prior Congressional appropriations, and asked for sustained funding at these levels over a long period of time.

A credible strategy for local development must provide national-level resources on a scale sufficient to address the deepening needs of local people and communities, in order to make the investment real rather than simply rhetorical. American taxpayers need not acquiesce to insufficient federal responsibility. In the face of the growing economic impoverishment and social devastation of many urban communities exacerbated over the last twelve years, we cannot substitute calls for more volunteers who are empowered through self-sufficiency-creating partnerships for a real commitment to broad-scale, job-creating, community economic development. We cannot settle for vague pleas to "get the neighborhood organized" instead of an honest commitment to channel federal resources to investment in the youth who are the lifeblood of the community. We have seen—for example in LISC, Enterprise Foundation and Eisenhower Foundation programs and in Public/Private Ventures and MDRC experiments—that enormous creativity can be unleashed by putting local community groups in the lead. But we are frankly fooling ourselves if we imagine that they can do the job on the cheap.

How do federal dollars get to the grassroots? We suggest an array of mechanisms: federal grants and loans to non-profit intermediaries (and selected for-profit intermediaries, like TELESIS), which then grant and loan to decentralized neighborhood organizations; federal grants and loans to city governments, which then grant or loan part to neighborhood non-profits
or deliver services at neighborhood "one stop shopping" centers; and federal grants and loans directly to non-profits.

We are more cautious about the targeting of federal funds for high risk children, high risk youth and the inner city through the states. Because of federal disinvestment, some states have become creative laboratories for change--as in the welfare reform experiments in states like Wisconsin and in the success of southern governors in reducing infant mortality. State government often is in a good position to administer rural initiatives, though even national private non-profit intermediaries, like LISC and the Enterprise Foundation, also have been creative with rural economic development programming. On balance, to follow our emphasis on what works, we favor some federal block grants to states--if such federal monies can be matched with state and local revenues for innovative programs targeted specifically at the truly disadvantaged.

Often, that is a big if. When it comes to high risk groups in the cities, federal block grant money routed through the states has not always been directed to areas of greatest need within the states. For example, in 1989, more than fifty percent of drug arrests in Wisconsin were in Milwaukee, which nonetheless received only eleven percent of the federal block grant anti-drug money allocated to the state. For the same year, Los Angeles had twenty percent of the drug arrest for the state of California but received only six percent of the state allocations from the federal government.
Low income people always have constituted a weaker political constituency at the state level than at the federal level. Some states, faced with fiscal problems and sensitive to more powerful constituencies, have targeted federal resources toward those constituencies. For example, in 1991, a number of states instituted deep cuts in programs for the poor.

So it is that recent proposals for merging federal matching funds for AFDC, food stamps and Medicaid administrative costs into block grants could well lead to misallocation of funds among the states. In states where the low income population increases at a rate significantly faster than the average, there might not be enough block grant funds to cover rising administrative costs in AFDC, food stamps and Medicaid. In states with growing economies, too much could be allocated from federal block grants.

Federal block grant funding to states also has tended to erode over time. In the inevitable competition for federal funds, programs for the disadvantaged need very well defined purposes and specific constituencies to guard against federal cutbacks.

**New Levels of Spending**

The Kerner Commission asked the nation "to mount programs on a scale equal to the dimension of the problem." For the initiatives in this report, our estimate is that mounting to scale means $15B more in annual appropriations for each of ten years to implement the recommendations in Chapters 3 and 4 for investing in children and youth. This covers funding
HeadStart preschool at levels that come close to three years for all eligible three, four and five
year olds (and some two year olds), creating the national Corporation for Youth Investment,
overhauling job training and placement, starting to bring training and placement expenditures
back to pre-1980 levels, refocusing anti-drug initiatives to prevention and treatment, and
implementing promising inner city school reforms -- including refinement of Chapter 1 of the
Elementary and Secondary Education Act of 1965, implementation of the recommendations from
the several Carnegie reports, replication of the Comer plan, replication of programs like I Have
A Dream and Cities in Schools if evaluations show them to be successful, continued innovation
in vocational and apprenticeship programs like Project Prepare and Project ProTech, and
expansion of school desegregation based on the successful St. Louis experience and the
experience of many smaller cities. The prime federal funding agencies for these ventures are
Labor, HHS, Education and Justice.

The interrelated need is for $15B more per year in annual budget appropriations for each
of ten years, at a minimum, to implement our recommendations for reconstructing the inner
cities and for closing the investment and productivity gaps. The bulk of this funding is for
employing the poor, welfare recipients and inner city, high-risk youth in the urban
reconstruction. The work will expand housing and rehabilitation delivered by non-profits as well
as by those for-non-profits, like TELESIS, which can integrate multiple solution youth
development into economic development. Jobs for inner city residents in supportive social
development, like teaching, also are included. Our budget here also covers repair of the urban
infrastructure that employs inner city residents, creation of community development banks in the
inner city owned by people who live there, expansion of tenant management in public housing, employment of those new community and problem-oriented police who are truly disadvantaged and who live in the inner city neighborhoods where they patrol, and expansion of the successful Gatreaux housing desegregation program to all eligible inner city residents. We also urge that, in separate federal budgets to encourage private sector high tech investments, requirements be added that a significant proportion of the jobs generated be slotted for poor inner city residents. The prime federal funding agencies are Labor, HUD, Transportation, Commerce, Justice -- and a new, independent National Community Development Bank.

It is this level of investment--$150B in total appropriations for children and youth over a decade and $150B in total appropriations for coordinated housing, infrastructure and high tech investment over a decade -- and not the $1.2B, one year, quick fix response by the federal government after the 1992 Los Angeles riot -- that begins to address the Kerner Commission's "scale equal to the dimension of the problem."

To be sure, the funding which we call for is not of the magnitude recommended by the Kerner Commission. With the exception of Head Start for all eligible children, much of what our $300B over ten years will buy is the beginning of a return to the level of effort of the late 1970s, which already was inadequate. But we also have refocused the nature and quality of programs to build on what works. Together, doing what works combined with spending $300B more on what works over ten years is, in our opinion, the most that we can expect -- given other competing budget needs after the disinvestment and debt of the 1980s.
The funding proposed here is for the truly disadvantaged living in inner cities. It does not cover impoverished rural areas. Although the need is great in such places, we have kept to the Kerner report's focus on the cities. Our funding does not include welfare reform. We first must see how reforms in preschool, childcare, job training and placement, housing and economic development make reforming welfare and strengthening families far more manageable financially. Nor does our budget include the costs of health care reform. A twenty-first century health care system will make multiple solutions far easier in the inner city—for example by insuring adequate drug treatment linked to drug prevention. Our budget also assumes that corporate, foundation, state and local matches, combined, will be significant, at least fifty percent of our total federal budget—in terms of both cash and the value of job opportunities for high risk youth.

The Debt and Other Competing Priorities

We are acutely aware of these competing priorities for new federal spending and for reallocations from current federal spending. Infrastructure development and high tech development not focused on the inner city poor, job retraining for middle class workers as part of military conversion, health care reform for the middle class, and the continued savings and loan bailout are just a few of the obvious examples.

The biggest competitor is, of course, the national debt. In the 1980s, the Administration often quoted Thomas Jefferson's description of public debt -- "the greatest of the dangers to be
feared" from government. Yet from 1981 to 1993 the debt quadrupled from $735B to more than $3T.

In 1992, for the first time since the late 1950s, the debt was more than half the size of the entire economy. The cost of interest on the debt, almost $200B in fiscal year 1992, now exceeds the total of all federal spending for education, science, law enforcement, transportation, housing, food stamps and welfare. The debt is growing faster than the economy. The costs of servicing the debt are consuming larger and larger portions of the government’s resources. The ratio of public debt to economic output is higher in the U.S. than in Germany, France or Britain.

It will not be easy to cut the deficit in half in the next four years. But over the longer time perspectives that are advocated in this report, like ten years, Presidential leadership and Congressional cooperation can produce enough resources, in our view, to proceed toward the funding levels proposed here for high risk children, high risk youth and the inner city--and simultaneously, to significantly reduce the debt and fund other new priorities.

Sources of Funds

Without a lengthy presentation of budgets and projections for many years to come, we can here show the broad categories from which the nation can draw funds for our program as well as for the other competing needs. These broad categories include: revenues redirected from other federal domestic programs, revenues resulting from reduced military and foreign aid budgets, revenues from reduced entitlements to the rich and revenues from increased taxes.
Reducing Selected Federal Domestic Programs

Money from JTPA would be reprogrammed in our plan--but into the reformed job training and placement initiative of Chapter 4. The same applies to the changes proposed here in the new, more non-profit-based delivery system for building and rehabilitating housing for and by the poor.

The most significant reallocation of domestic funds into another category is our proposal to change demand-side anti-drug programs from thirty percent of the budget to seventy percent, and to therefore change supply side programs from seventy percent to thirty percent (although these are not all really domestic funds because the Drug Enforcement Administration operates internationally).

Many other domestic programs can be reduced, eliminated or more cost effectively managed at great savings to the taxpayer -- if there is enough political will to overcome to the protests and manipulations of powerful lobbyists. We would begin with elimination of the National Helium Reserve (which was created for World War I blimps and now only gives a lift to Texas Congressmen), the Interstate Commerce Commission (which produces a great deal of paperwork but very little benefit for consumers), the space station (which has become a luxury during a time of massive social and economic deficits) and Justice Department initiatives like "weed and seed" (which is heavy on law enforcement weeding but provides little by way of new
revenues for educational and employment seeding). Reduction or total elimination of just these programs could easily result in savings of $2B annually.

These are extremely modest suggestions. Other reports, like *Mandate for Change*, by the Progressive Policy Institute, have far longer lists with far more reductions and eliminations. These lists should be carefully examined. For example, the Institute lists domestic and international programs that provide federal subsidies for special interests and that could be phased out as part of the plan to control lobbyists discussed in Chapter 8. Savings could be achieved of about $7B in the first year and about $35B over four years. The space station is illustrative.

As for improved management, the House Government Operations Committee has issued a report which specifies almost $15B in potential annual savings in the near term if administrative or legislative changes were made in programs ranging from student loans to timber sales.

The federal government also should seriously examine new varieties of infrastructure bonds that redirect public sector pension funds into inner city development, as discussed in Chapter 5.
Reducing Military Spending.

The Cold War is over, yet decreases in the military budget have been small.

The budgetary agreement that prevented reallocating military and foreign aid monies to domestic budgets should not be continued.

The best way to reduce the defense budget is to neither protect pork nor to set arbitrary goals. The only sensible procedure is to define defense needs and then to build a budget that meets those needs. As former Secretary of Defense Robert McNamara concluded:

You go to ground zero. This is a new era. It’s the post-Cold War world. You start with a blank sheet of paper. You begin with a statement of our foreign policy objectives, you examine the threats necessary to overcome to achieve those objectives. You consider the military strategy, the force structure required to address those threats, and that’s your budget.

Almost every serious analyst agrees on reductions in the number of military personnel. We need considerably fewer than the two million on active duty today. The reduction should be greater than the reduction to 1.6M persons recommended by the Administration in 1991. For a Persian Gulf-type war, the Army has sufficient forces with eight active duty and two reserve divisions. It does not need the twelve active duty and six reserve divisions now planned. The Marines can reduce to six active duty and three reserve brigades. The Navy can do with eight or nine carrier battle groups, not the present twelve. The Air Force needs, at most, ten active duty and eight reserve wings—not the fifteen active duty and eleven reserve wings it has sought.
The Pentagon has already bought fifteen B-2 bombers. That is more than enough. Stealth technology was designed to defeat radars and deliver nuclear war heads deep inside a Soviet Union that no longer exists.

The F-22 fighter program should be canceled. The F-22 is a tactical stealth fighter. The estimated cost is $95B for six hundred fifty planes. Instead, F-15 and F-16 fighters should be upgraded.

Production of the Sea Wolf submarine should be stopped--because its only justification really was to stalk the Soviet fleet.

The new nuclear power aircraft carrier that the Pentagon wants is unnecessary considering the absence of a Soviet threat. The Navy already has more carriers than it needs.

Fewer guided missile destroyers should be built. They are necessary to protect aircraft carriers and other ships. But the Navy wants to build forty-nine, far more than it needs.

The Army's tactical missile program should be dropped. The goal was to strike targets deep behind enemy lines. This system assumed a major ground war in Europe without air superiority. But that contingency has disappeared.
The Strategic Defense Initiative--Star Wars--should be deferred. The original idea was an exotic electronic dome that would shield the U.S. from incoming Soviet missiles. After ten years of development and well over $30B in research funding, no one yet knows how to build such a system. Intelligence experts have told Congress that the possibility is low of a launch of missiles by Russia or the other former Soviet nuclear republics. They see no renegade nuclear newcomer government able to develop long range missiles "for at least another decade."

Another rationale for Star Wars, protection against accidental missile launches, is remote--but the possibility still exists. Yet there are less expensive alternatives to Star Wars to address this contingency--like equipping all missiles with "permissive action links" (electronic locks) and with self destruct mechanisms. We must, of course, also continue to negotiate reduction in the number of missiles worldwide. Given pressing domestic needs, all of this argues for deferral of Star Wars research and exploration of other ways of coping with missiles launched against the U.S.

There are many voices across the political spectrum that support the kinds of reductions that we have articulated. Reductions in the Strategic Defense Initiative are high on many lists. MIT Professor Emeritus William W. Kaufman, a defense analyst for several U.S. defense secretaries, including the Administration in the 1980s, has concluded in a Brookings Institution study that the U.S. can reduce its defense budget to under $200B per year over the next ten years without undermining its post-Cold War global commitments or its position in arms control negotiations. Three past chairmen of the Joint Chiefs of Staff have testified before Congress that the U.S. does not need to deploy outmoded missile systems. Former Reagan Administration
Defense official Lawrence J. Korb has urged a plan to contract the armed forces "in recognition of the political-fiscal realities" of a changing world. *Business Week* points to twenty stultifying pages of Pentagon detail necessary for specifications on procurements for underwear, hand towels and hot chocolate. It observes, "In a $4T economy with a $1T federal budget there is surely room for some shifts in spending"--including a shift "away from guns and toward people." The conservative British *Economist* has argued that the U.S. can do without more aircraft carriers. A recent Senate Budget Committee report stated that the Pentagon has stockpiled at least $30B of spare parts, uniforms and other equipment that it does not need. The report also found that the Defense Department still has orders in for $1.8B more in supplies that its own auditors say should be canceled. A Harvard Business School study concluded that fully $40B a year can be saved through improved Defense Department management and quality control.

Common Cause has identified tons of Congressional pork. One example is $20M per year to install new gasoline engines in the Army’s 2.5 ton trucks by a company in Canton, Ohio--despite a ten year surplus of engines and plans to convert the trucks to other fuels. Another example is $238M for twelve extra Marine Corps amphibious barges. The barges propel equipment from ship to shore. Yet at the same time these monies were appropriated, funds were deleted for the supply ships that carry the barges. In each case, the Alice in Wonderland appropriation occurred because a Member of Congress was in a position to demand and obtain local pork -- at the expense of the rest of the nation and the poor.
Yale historian Paul Kennedy has argued in *The Rise and Fall of the Great Industrial Powers* that, if too large a proportion of resources is diverted to military purposes, national power weakens in the long run because of internal decay. That is true in America today, just like it facilitated the decline of the Roman and British empires.

The federal government now spends about one-sixteenth as much on all employment and training activities as it does on military procurement alone. But the massive numbers in the defense budget look very different when seen from the perspective of community programs which must hold candy sales to help finance drug-abuse prevention. Funded at $500M per year, the Corporation for Youth Investment which we propose to replicate successful inner city youth programs costs five-sixths of one B-2 stealth bomber.

Resistance by powerful lobbyists and pork seeking Members of Congress to reductions in the military budget will be even greater than resistance to reductions in domestic programs. A successful military conversion program can overcome some of the resistance. The rest depends on Presidential and Congressional leadership and courage. We agree with the spirit of the Kaufman plan, above, and with the recommendation of a full ten percent reduction in the defense budget by the new Chairman of the House Armed Forces Committee, who concluded, "The Cold War is over, and our military budget ought to reflect that." We also believe that military reductions must be in terms of actual outlays, not merely budget authority. Savings must be based on actual outlay reduction, not merely smaller increases in future budget projections.
Reducing Spending by the Agency for International Development

The end of the Cold War has diminished the political and popular support of American foreign aid -- administered by the Agency for International Development (AID), a semi-autonomous agency under the general policy direction of the State Department.

New challenges are emerging -- as the war and atrocities in the former Yugoslavia demonstrate. But the role of foreign aid in meeting new challenges is unclear. Even if it were clear, however, a recent General Accounting Office (GAO) report concludes that AID does not have a strategic mission for carrying out that role. The report points to a complicated and incoherent set of objectives with no real priorities. AID has been buffeted by the agendas of other federal agencies which compete with it, by the active role that Congress has taken in programming its decisions and by the lobbying of special interest groups.

Beyond strategic goals, the GAO report concludes that AID is mismanaged. In spite of frequent criticism over recent years, management has not improved. For example, AID does not place an emphasis evaluating program results. Incredibly, the agency does not collect baseline and outcome data needed for scientific assessment.

In addition, according to the GAO report, AID has serious accounting and financial reporting problems. These problems prevent the agency from reliably determining what the status is of appropriated funds, whether it has on hand all the property that it has paid for and what resources have been used to achieve program results. For example, as of late 1992, AID
had $418M in disbursements that remained unmatched with corresponding obligations, some for as long as ten years.

Annual appropriations for AID are in the $6B to $7B range. Yet, over the last ten years, lack of strategic direction and lack of sound management have created a pipeline of obligated but unspent funds that has exceeded $6B to $8B. Currently, AID does not intend to use a sizeable percentage of these funds within the next two years.

We believe in the need for some foreign economic aid, as long as it is well managed and focused on strategic objectives that have been redesigned for the post-Cold War world. But this does not appear likely to occur soon. In addition, the need to focus on the economic development of the underdeveloped world within the United States is much greater. Given the new priority on American economic development, particularly in terms of investment in human capital, we believe that there should be a substantial reduction in the size of the AID budget for the foreseeable future. Over each of the next ten years, we believe that $2B to $4B per year of our plan for children, youth and the inner city should be financed by cutting the AID budget in half. The AID pipeline of obligated but unspent funds should be dramatically reduced. At the same time, strategic objectives should be clearly defined and management vastly improved. Only after this is done, and only after significant progress is made on the priorities of this report, should we reassess the AID budget.
Reducing Entitlements to the Well Off

Entitlement programs primarily benefit middle class people and the poor. Entitlements especially important to the middle class include Social Security, unemployment insurance and tax deductions for mortgage interest. In addition to such entitlements, the poor receive entitlements such as AFDC, Medicaid, food stamps and child nutrition programs.

There have been proposals to place a ceiling on total entitlement program costs each fiscal year. Under such plans, for example, in any year in which projected entitlement costs surpassed the ceiling, Congressional committees with jurisdiction over entitlements would need to pass legislation to reduce the excessive costs. If legislation were not enacted, according to such plans, there would be an across-the-board cut in entitlement programs—a sequester. Usually such proposals exempt across-the-board cuts for programs relevant to the middle class, such as Social Security and unemployment insurance. However, such proposals usually do not exempt entitlements for the poor—such as AFDC, Medicaid, food stamps and child nutrition.

We agree that total entitlement costs are growing rapidly. They threaten to increase the debt even more. In this way, they make enactment of our plan for children, youth and the inner city even more difficult. However, a more careful analysis shows that entitlement costs are growing mainly because of the explosion in health care entitlements. Figure 18 in Chapter 4 shows how, as a result, per capita health spending is significantly higher in the U.S. than in Japan, European countries and Canada, even though U.S. health care is significantly worse.
Accordingly, we do not recommend a ceiling on total entitlement costs and the kind of sequesters that are biased against the poor. This is just the same old story of the weakest constituencies getting the short end of the stick. They are then left to fight among themselves for the scraps that remain. The more equitable strategy is to reform the health care system and to impose tough cost constraints on it.

As part of the fool’s gold rhetoric that has been marketed over the last twelve years, entitlements have been associated with the poor. Yet, over this period, there has been a tremendous increase in what can be called entitlements for the rich—mainly tax breaks. Our recommendation is to not only maintain entitlements for the poor, but expand them—so that, for example, Head Start becomes an entitlement—at the same time that we decrease entitlements on the better off to create a more level playing field.

**Increased Income Taxes on the Rich.** In Chapter 2, we showed how over the 1980s personal income taxes were increased on the poor and the middle class and decreased on the rich. One result, for example, was that people who composed the richest one percent of the U.S. had their incomes increase by over one hundred twenty percent from 1977 to 1988. We also showed how the highest individual tax rate was reduced from about seventy percent to twenty-eight percent over the decade of the eighties. The progressive income tax became much less progressive. Countries like France, Germany, Italy and Japan have much greater gaps between tax rates for the richest and tax rates for the poorest, in comparison to the U.S. The U.S. has a lower percentage of gross domestic product taxed than these and many other
countries. In fact, among the twenty-four wealthiest nations, only Turkey collects a lower percentage of gross domestic product in taxes than the U.S. *The Paris-based Organization for Economic Cooperation and Development concluded that the United States "would remain among the least taxed even if taxes were raised sufficiently to balance the federal budget."* (See Figures 1, 2 and 3.)

To finance the integration of East Germany, the new Germany has increased taxes. However, even if the U.S. were to match the old, lower level of German taxes, according to Elliott Currie, we would generate an astonishing $400B more per year in revenues:

Only one-twentieth of that amount would be needed to more than triple our current investment in federal employment and training programs. Indeed, with *each* percentage point that we brought our tax revenues closer to Germany's, as a proportion of GDP, we would raise more than $50B a year, a sum considerably greater than *all* existing federal spending on education, training, employment, and social services combined. And German taxes are in the *middle* of the European range. The Scandinavian countries, France, Holland, and Austria tax much higher. Their relatively higher tax burdens have apparently not hurt their ability to compete in the international economic arena.

Those who profited from the greed of the 1980s should lead the sacrifice in the 1990s. Our point of departure is a significant increase in taxes for the top one percent of the income distribution. We believe that the richest in the nation should have their tax rate raised to about forty percent—which would be the same as in Britain but still far below the top rate in France.
(fifty-seven percent), Germany (fifty-six percent), Italy (fifty percent) and Japan (fifty percent).

One debate now is over exactly how much in new revenue will be generated by a significant increase in the taxes on the rich. The Congressional Budget Office estimates that the kind of increase that we have suggested might yield, at a maximum, $40B over four years. However, the rich have considerable flexibility to expose less of their income to taxation. For example, it is said that, if the income tax is raised on the rich but if the capital gains tax is not raised in tandem with this increase, the rich will simply convert ordinary income into capital gains income. The obvious response is that we must raise the capital gain tax in tandem with an increase in the personal income tax. The flexibility of the rich to expose less of their income to taxation should be reduced.

It is idle econometrics to speculate about the total amount of revenues that eventually can be recovered from increased taxes on the top one percent. Particularly given the failure of supply side economics, it makes sense to increase taxes on the rich and use the money for investment in fiscal and human capital that will generate economic growth.

Nor must we necessarily limit tax increases to the top one percent. We need to consider seriously increasing taxes on those with incomes between $80,000 and $200,000. This group commands some $600B in pretax income, which is even more than the amount of pretax income commanded by the top one percent, with incomes over $200,000.
Regardless of precisely how much revenue is generated by increasing taxes on the better off, we believe that, if the federal government wisely assembles a larger package of several new revenue sources, combined with expenditure reductions in certain areas as suggested here, we can finance our plan for children, youth and the inner city as well as invest in our infrastructure, invest in high tech development, reduce the debt, initiate health care reform and reform the welfare system.

**Reduced Corporate Entitlements.** Another part of that revenue package should include reduced corporate entitlements. Although powerful lobbyists will be in opposition, we are confident that the majority of American taxpayers would, for example, support repeal of the virtually unlimited deduction for interest on corporate debt and elimination of tax subsidies for companies that eliminate jobs in the U.S. and create jobs offshore.

Along the same lines, perhaps the most discussed current proposal--which we endorse--is to collect the billions of dollars in taxes owed by foreign-controlled companies that do business in the U.S. One plan is that aggressive enforcement of existing tax laws would stop international corporations from avoiding taxes by shipping their U.S. profits overseas. To explain, at issue here is a device used by companies that operate both in the U.S. and abroad. By paying inflated prices for products purchased from its overseas unit, a domestic company can artificially inflate its cost in the U.S. This keeps its profits and therefore its taxes in this country to a minimum. This is an illegal practice under international tax rules. But it is not easy for tax auditors to prove the violation. In 1988, foreign controlled domestic corporations took in
over $800B in revenues, but kept profits low enough through this means so that they only paid about $6B in taxes.

It is difficult to calculate how much might be recovered from foreign owned companies that do business in the U.S. through such strict enforcement of present laws. Estimates range from $3B per year to $30B per year. Again, we find speculation idle. We believe that foreign corporations should pay their fair share and that the revenues can be used for domestic investment. Whatever the amount recovered, it provides an additional source of revenue as part of a package with multiple components.

There also would be a ripple effect at the state level. Many states base their corporate taxes on how much a company owes the federal government. If a full $30B more per year were recovered in federal taxes, the states could recover as much as $7B a year with reforms like those suggested here at the federal level. "This is probably the largest single fiscal problem in the U.S.," concluded the executive director of the Multi-State Tax Commission composed of nineteen state agencies. "I don’t know of any other issue that involves such huge amounts of money."

We believe, as well, that foreign investors should have their tax rates increased on money made in the U.S. Figure 21 shows that, in 1988, an American taxpayer who earned $30,000 to $40,000 a year paid $3,710 in taxes. However, if this American had been taxed at the same
Figure 21

TAXES ON MIDDLE INCOME AMERICANS COMPARED TO FOREIGN INVESTORS

1988 TAX RATES, IN PERCENT

<table>
<thead>
<tr>
<th>Country</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNITED ARAB EMIRATES</td>
<td>0.14</td>
</tr>
<tr>
<td>FINLAND</td>
<td>0.76</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>1.02</td>
</tr>
<tr>
<td>TAIWAN</td>
<td>1.29</td>
</tr>
<tr>
<td>NETH. ANTILLES</td>
<td>1.86</td>
</tr>
<tr>
<td>KUWAIT</td>
<td>1.97</td>
</tr>
<tr>
<td>BELGIUM</td>
<td>2.24</td>
</tr>
<tr>
<td>SAUDI ARABIA</td>
<td>2.50</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>3.67</td>
</tr>
<tr>
<td>ITALY</td>
<td>3.95</td>
</tr>
<tr>
<td>FRANCE</td>
<td>4.39</td>
</tr>
<tr>
<td>CANADA</td>
<td>4.39</td>
</tr>
<tr>
<td>GREAT BRITAIN</td>
<td>4.64</td>
</tr>
<tr>
<td>SPAIN</td>
<td>5.21</td>
</tr>
<tr>
<td>CAYMAN ISLANDS</td>
<td>5.63</td>
</tr>
<tr>
<td>JAPAN</td>
<td>6.06</td>
</tr>
<tr>
<td>UNITED STATES</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

An American taxpayer earning $30,000 to $40,000 paid $3,710...

...if taxed at the same rate granted United Arab Emirates investors in the U.S., the American would have paid just $49.

Rate for middle-income U.S. taxpayers ($30,000 to $40,000)

Sources: Internal Revenue Service, and Bartlett and Steele (1992).
rate granted United Arab Emirates investors in the U.S., the American would have paid just $49 in taxes.

**Increasing Taxes on Gasoline, Alcohol and Tobacco**

In France, the gasoline tax is over seventy-seven percent of the retail price per gallon of gasoline. The rate is comparable in Italy, Germany and Britain, as shown in Figure 22. By comparison, the gasoline tax in the U.S. is only about thirty-seven percent of the retail price per gallon. Each one cent increase in American gasoline taxes brings in roughly $1B annually to the U.S. Treasury. A twenty-five cent per gallon increase would raise about $25B more per year in revenues, well over five times what the federal government now spends on employment and training activities of all kinds. This would still leave the U.S. with gasoline prices lower than in European countries.

In addition, as Alice Rivlin, Deputy Director of the Office of Management and Budget has observed, "We should be looking at taxing the things we don’t want to have happen, pollution and excessive use of energy, as an alternative to taxing the things that we do want." This is an argument for gasoline taxes. Many corporate chief executives have endorsed the proposal—including Harold Polling of Ford, Paul O’Neill of ARCO, Drew Lewis of Union Pacific and Frank Popoff of Dow Chemical.
Figure 22

GASOLINE TAXES, BY NATION RECENT YEARS

<table>
<thead>
<tr>
<th>Country</th>
<th>Taxes as a Percentage of Retail Price Per Gallon</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>77%</td>
</tr>
<tr>
<td>Italy</td>
<td>76%</td>
</tr>
<tr>
<td>Germany</td>
<td>72%</td>
</tr>
<tr>
<td>Britain</td>
<td>69%</td>
</tr>
<tr>
<td>Japan</td>
<td>46%</td>
</tr>
<tr>
<td>Canada</td>
<td>43%</td>
</tr>
<tr>
<td>U.S.</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: Organization for Economic Cooperation & Development.
We endorse an increase in gasoline taxes even if it is not as much as twenty five cents per gallon. Because this is a regressive tax, we believe that some form of tax credit should be devised so that the poor do not have to pay.

We can add several billion dollars more per year in revenues by increasing excise taxes on alcoholic beverages and cigarettes--while simultaneously decreasing alcohol and tobacco-related health costs as well as the complex social costs associated with them. These taxes have decreased sharply, in real terms, in recent decades. Adjusted for inflation, taxes on alcohol are only about one-fourth of what they were in the early 1950s, taxes on cigarettes closer to half. It is estimated that doubling them would raise roughly $10B each year.

The Chairman of the House Ways and Means Committee has in recent years proposed new taxes on alcohol, tobacco and gasoline that would raise $100B a year. The Senate Minority Leader has endorsed the proposal. The new findings by the Environmental Protection Agency, that secondhand cigarette smoke is a human carcinogen, may help make higher cigarette taxes even more feasible politically.

The Timing of a Reform Scenario

What kind of scenario for financing investments in children, youth and the inner city makes sense, given many competing budgetary demands and the priority on the economy and deficit?
Over the 1990s, debt reduction will be a priority, but we also envision public works spending as an economic stimulus, and this may be where some of the reform proposed here can begin. We need to insure that significant numbers of high risk youth are placed in such employment and that community-based non-profit organizations implement as much as possible. We anticipate some progress toward these goals during the first two years of our scenario.

It also should be attractive politically to move fairly swiftly on reform of Chapter 1 of the Elementary and Secondary Education Act, reform of the Job Training Partnership Act, and the delivery of housing and economic development via nonprofit organizations and creative for-profit organizations. This will be especially true if such reform initially can be negotiated without increased federal spending. At the same time, we anticipate at least some progress on shifting drug spending from thirty percent demand side to seventy percent demand side, on discontinuing unsuccessful domestic programs and on shifting some federal domestic discretionary money from demonstrations and experiments into replicating what already has been demonstrated to work. The net result could be as much as $5B in funds freed up—to begin expansion of Head Start to all eligible children, expansion of Comer-type inner city school reform, expansion of reformed job training and placement, creation of a Corporation for Youth Investment and expansion of drug prevention and treatment. It is within the realm of political feasibility in our view to achieve many of these goals by the end of the third year of the scenario.
Over the first four years, we anticipate significantly reduced military spending, increased taxes on the rich and perhaps an increase in gasoline taxes. This is likely to be used to reduce the debt and to finance infrastructure investment and conversion to high tech industries. But we recommend at least some of these revenues also be used to help expand Head Start and reform job training and placement. Our scenario then envisions increased funding for the package advocated here, so that by the fifth and sixth years of reform, the full $15B per year in new investment in children and youth and the full $15B per year in new investment in inner city reconstruction can be sustained while deficit reduction can proceed and a strong military still can be demonstrated.

Once we are up to $15B per year in new appropriations for child and youth investment and $15B per year in new appropriations for housing, community development, community banking, infrastructure development and high tech development that employs inner city high risk youth and other truly disadvantaged people, along with supportive services like community policing, that level of investment should be sustained for at least ten years. This means that there will be an incremental process through which we work toward the $15B per year child and youth investment and $15B per year in inner city investment levels. Such a process is necessary because it is unreasonable economically and politically to expect all the new funds at once. It also is desirable because incremental increases allow for better managed growth and more orderly administrative expansion of capacity in the public and private (especially non-profit) sectors. Hence, implementation of the scenario may take in the neighborhood of fifteen to
sixteen years--almost a full inner city generation--depending on how quickly we reach the proposed levels of new investment, which then are sustained.

**Political Feasibility**

Considerable support can be found from public opinion polls for this scenario.

One 1990 *New York Times/CBS* national poll found sixty-eight percent to believe that the nation's education is not improving. Another 1990 *New York Times/CBS* poll found that seventy-one percent believe the federal government "hasn't shown enough concern for the homeless." A third national 1990 poll from the same organizations found that sixty-two percent of Americans wanted U.S. military cuts spent "to fight problems such as drugs and homelessness." The 1990 surveys show that Americans overwhelmingly expected taxes to go up and that they grudgingly were willing to accept some new taxes.

In 1991, a poll by the Times Mirror Center for the People and the Press asked, "If it turns out that less money will be spent on defense than in the past because of reduced tension between the U.S. and the Soviet Union, which one of the following should we do with the money we save on defense? In terms of answers, the options were: "Use it for a tax cut"; "use it to reduce the budget deficit"; use it for increased spending on domestic problems such as health, education and the environment"; and "don't know." Sixty one percent said the money
should be used to solve domestic problems. Twenty-seven percent concluded that the funds should go for deficit reduction. Only ten percent said the savings should be used for a tax cut.

Early in 1992, before the Los Angeles riots, a *New York Times* poll asked: "If the U.S. saves a lot of money on defense spending in the next few years, what should most of the money be used for?" The options were: "Reducing the deficit," "domestic needs" and "tax cuts." Domestic needs was the choice of seventy-two percent in the national poll. Deficit reduction was the choice of fourteen percent. Only eight percent voted for tax cuts. These priorities held for Republicans, Democrats and Independents. In 1992, right after the Los Angeles riots, the *New York Times* and CBS asked, in a nationwide poll (Figure 23): "Are we spending too much money, too little money or about the right amount of money on problems of the big cities, on improving the conditions of Blacks, and on the poor?" Sixty percent of the respondents said that too little was being spent on problems of the big cities, sixty-one percent said too little was being spent on improving the condition of African-Americans and sixty-four percent said that too little was being spent on problems of the poor. The pollers also asked, "To reduce racial tension and prevent riots, would more jobs and job training help a lot, help a little or make not much difference?" Seventy-eight percent of the respondents said that more jobs and job training would help a lot.

In 1993, a "Citizens Jury," a representative microcosm of voters from around the nation (and discussed more in Chapter 8) voted $70B in tax increases -- including $20B in "sin taxes" on cigarettes and alcohol, $30B in income tax increases on Americans who earn more than
Figure 23

PUBLIC OPINION ON FUNDING AND SOLUTIONS FOR PROBLEMS OF CITIES, AFRICAN AMERICANS AND THE POOR IN THE U.S.
1992

Are we spending too much money, too little money or about the right amount of money on . . .

Problems of the big cities
- Too much: 15%
- Too little: 60%
- Don't know: 9%
- Right amount: 16%

Improving conditions of African Americans
- Too much: 10%
- Don't know: 9%
- Too little: 61%
- Right amount: 20%

The Poor
- Too much: 13%
- Don't know: 7%
- Too little: 64%
- Right amount: 16%

To reduce racial tension and prevent riots, . . .

- would more jobs and job training . . .
  - help a lot: 78%
  - help a little: 18%
  - not make much difference: 8%

- would more police . . .
  - help a lot: 24%
  - help a little: 16%
  - not make much difference: 56%

- would better professional training for police . . .
  - help a lot: 57%
  - help a little: 19%
  - not make much difference: 22%

$200,000 and $20B in new energy taxes (with ten cents more in taxes per gallon of gasoline as part of the package).

Politically, it also should be remembered that the list of corporations which have funded or otherwise supported non-profit community-based economic development organizations like those recommended here reads like the Fortune 500. The recent bipartisan National Commission on Children, chaired by Senator John Rockefeller, has called for Head Start for all eligible children and for an increase in Job Corps. The corporate executive officers on the Committee for Economic Development have endorsed Head Start as the most cost effective prevention plan yet devised. The Wall Street Journal has described Argus as "an inner-city school that works." The Fairview Homes public housing program was begun in 1979 as a Carter Administration urban initiative, yet was given awards as a national model program by the Reagan Administration in 1985 and 1987. In the Bush Administration, the Secretary of HHS declared that there should be "a thousand Umojas"--even though no funding followed. Yet most of these initiatives, or their underlying concepts, have been embraced by the more progressive reports issued by the Carnegie Corporation and the William T. Grant Foundation. And almost all of these programs are based or draw on, in one way or another, President Johnson's Great Society or Robert Kennedy's Mobilization for Youth of the 1960s.
The Economic Argument is Also a Moral Argument

In proposing a policy alternative to supply side, voodoo economics, tax breaks for the rich, greed, prison building and fool’s gold, we have stressed the economic cost-effectiveness of investment in our children, youth and inner cities. But France invests in its children not only because it makes economic sense but because it is morally right. In finding new revenues, we seek what really is only a modest shift in priorities. How can we find hundreds of billions to bail out the savings and loan industry--but say we cannot find a small percent of that amount per year to invest in our children and youth who are at risk? How can appropriations for housing decline by eighty percent -- while Federal Housing Administration losses alone amounted to almost $7B, as part of a 1980s HUD scandal in which the Federal Housing Commissioner pled guilty to conspiracy? Will the federal government continue to spend billions on Star Wars -- but not invest sufficiently in crack addiction treatment for pregnant mothers to reduce a District of Columbia infant mortality rate that is three times the national average and is far higher than in Cuba and Bulgaria?

A sound economic and political strategy can be a moral one, too. As Michael Sandel has argued in the *New Republic*, a "public life empty of moral meanings and shared ideals does not secure freedom but offers an open invitation to intolerance." We are at a moral disadvantage in the eyes of the world, and especially the Third World. Europe and Japan have been more responsible, morally and economically, than the U.S. over the last decade in investing in
children, youth and urban infrastructure. It is time that America return to the message from President Johnson on the inside front cover of the Kerner Commission report (emphasis added):

...The only genuine, long-range solution for what has happened lies in an attack -- mounted at every level -- upon the conditions that breed despair and violence. All of us know what those conditions are: ignorance, discrimination, slums, poverty, disease, not enough jobs. *We should attack these conditions -- not because we are frightened by conflict, but because we are fired by conscience.* We should attack them because there is simply no other way to achieve a decent and orderly society in America...
Marvin Leo Gibbs III, 3 years old, poses here as President of the United States, in a Future Leaders Calendar produced by the Black Family & Child Services of Arizona. Founded by Mary M. Black, the multi-service non-profit agency runs a Teen Choice Center, where youngsters "choose" to go instead of a juvenile detention center. At Teen Choice, they are educated in an alternative classroom, fed nutritious meals, taught discipline by a retired Army sergeant, and redirected toward more positive activities.

Photo by David Carl, 1992.
8. REVERSING THE BETRAYAL OF AMERICAN DEMOCRACY

"Government is not the solution, government is the problem." That was rhetoric of the 1980s. The reality was that government irresponsibility and disinvestment made things worse over the last twelve years. This report has tried to make clear the need for extensive reform of the bureaucracies, which have been incapable of delivering comprehensive, multiple, flexible, non-categorical solutions in recognition of Vaclav Havel’s butterfly effect. But we believe that voters do want government -- that is, clean, effective government in both the Legislative and Executive branches, that solves real problems.

Given that, to a considerable extent, we already know what works, we must move on to reform the political process -- to allow the enactment and financing of replications and other reforms which will have national impact.

We speak of reducing political gridlock -- with the express goal of giving relatively powerless groups a stronger voice in setting national priorities.

America found the money for the Persian Gulf War and the savings and loan bailout. But, over the late eighties, and early nineties, Congress and the Executive more typically were gridlocked on most issues, including, for example, the federal response to the Los Angeles riots, violent crime (a quieter, slower form of rioting), revitalization of the nation’s public schools, the federal deficit and campaign finance reform.
For addressing the legacy of the Kerner Commission in the 1990s, we believe that the nation must experience political reform policy that:

- Encourages and follows effective Executive branch leadership.

- Controls lobbyists.

- Makes Congress more honest and efficient.

- Promotes grassroots citizen leadership.

**Encouraging and Following More Effective Executive Branch Leadership**

In the 1992 election, voters gave one party control of both the federal Legislative and Executive branches. We hope that this reduces political gridlock. At least the voters have placed responsibility for what happens clearly in the hands of one party, so that it is now more difficult to duck responsibility.

Politics ultimately is a process of education and persuasion. During the mid-1990s, the lesson must be that we have had enough quick fixes and instant gratification. The public needs
to be persuaded that success can only be defined, not quarter by quarter, but over the long term -- over at least five and, better, ten years or an entire generation when it comes to investment in children, youth and the inner city.

This political mood and long term vision is in keeping with the courage of the President who issued the Emancipation Proclamation, the sense of shared sacrifice and common good created by the President who engaged in radio fireside chats that helped carry the country through the Great Depression and World War II, the inspiration of the President who urged people to ask not what the country could do for them but rather what they could do for their country, and the moral imperative of the President who secured the Civil Rights Act and the Voting Rights Act in the mid-1960s.

Arthur Schlesinger, Jr., has written that America has repeated reform about every thirty years in this century, and we now are at such a time. The present need is for the kind of executive leadership advocated by Vaclav Havel:

A politician must become a person again, someone who trusts not only a scientific representation and analysis of the world, but also the world itself. He must believe not only in sociological statistics, but in real people. He must trust not only an objective interpretation of reality, but also his own soul; not only an adopted ideology, but also his own thoughts; not only the summary reports he receives each morning, but also his own feeling.
The nation need not settle on incremental wishes and small scale dreams. We believe that, if the American people again are asked for creativity, energy, sacrifice, wisdom and patience, they will pull together under common purpose.

How can voters be best educated on long run vision, engaged in debates about alternative policy options and reconnected to their government? We believe that town meeting-type and economic summit-type formats--televised to all the people and linked to the citizens watching by 800 call in phones--provide a wise point of departure, as the successful December, 1992 Economic Summit demonstrated. Such vehicles for engagement can be used, in our view, not only by the President and Vice President, but also by members of the Cabinet and subcabinet executives.

The Meaning of "Investment"

The word "investment" is central to long term vision. In our definition, "investment" creates a value added to the economy’s abilities to produce later on, or to society’s ability to reduce inequality and insure the American dream to all. By these standards, for example, building a road that only benefits a contractor does not qualify as investment. But building a road that employs high risk youth and that makes it easier for businesses to ship and receive goods in the future is an investment.
Holding to such a definition will not be easy. As former Congressman Leon Panetta, Director of the Office of Management and Budget, has concluded, "I'm not that optimistic about Congress...[The President] may have to make some pacts with the devil and accept some pork to get his investment."

But the goal is clear. Better the country as a whole. Avoid decisions that mainly better special interests. Will new programs to improve the nation's infrastructure increase the efficiency of the economy or please contractors and construction unions? Will investment in education and human capital most benefit students or organized teachers? Will a new health care plan allow domination by organized providers?

In our system, only the President has a political incentive to make decisions for the entire economy and society. To stay in office, a President must make a plurality of voters feel better off.

**A National Summit on the Legacy of the Kerner Commission**

It is in the best interests of the voters, we believe, if America begins to heal itself on race, poverty in the midst of plenty and the two societies, separate and unequal, of the Kerner Commission. To follow that course, will Presidential leadership lead to a policy of replicating to scale what already works? Will we deploy multiple solutions to multiple problems? Will we find the money to provide preschool to all eligible children for at least three years? Will we
integrate the additional economic and social development programs that Project Beethoven has suggested are crucial to supplement preschool in the most deteriorated places? Will we more uniformly evaluate programs in a truly scientific way so that "success" is not defined with political expediency? Will the federal government abandon its purchases of fool’s gold? Will there be replication to scale of non-profit youth and economic organizations? Will the failure of the Job Training Partnership Act be recognized and acted upon? Will significant funds be reallocated from supply side programs to demand side programs in the failed war on drugs? Will America change its delivery of housing and economic development for the poor from one based on greed to one which enhances the capacity of grassroots inner city community organizations? Will there be a true network of South Shore Bank-type institutions which facilitate public/private collaboration at a level great enough to make a national impact? Will high risk youth be significantly employed as the nation repairs its infrastructure and converts military funding into high tech investment? Will the Comer and Carnegie perspectives on inner city public school reform be expanded upon? Will the non-traditional notion of police in support of community development be accepted or will recommendations for more police waste taxpayers dollars by failing to carry out problem-oriented policing? Will we, ultimately, have the wisdom to invest in generation-long comprehensive solutions that require hundreds of billions, rather than the $1.2B gridlocked solution that the Executive and Legislative branches stumbled into after the 1992 Los Angeles riots?

To begin debating and answering these questions in a public forum, we recommend a national summit on the legacy of the Kerner Commission. Such a summit will fail if it is too
narrowly focused. It should be titled something like Children, Youth and the Inner City: Replicating What Works. It will need to make multiple solution connections among child investment, youth investment, non-profit community organization capacity expansion, inner city education reform, drug treatment, demand side drug prevention, job training and job placement reform, welfare reform, housing construction and rehabilitation by and for the poor, infrastructure repair, jobs for high risk youth as part military conversion, inner city banking, police innovation, reform of the bureaucracies to allow comprehensive solutions and replications, and a longer term policy which also recognizes the immediate priority on deficit reduction.

Such a summit should invite, among others, key players from the Kerner Commission; advocates of preschool and coordinated family and child reform; executive directors of such community-based youth organizations as Argus, Centro, Delancey Street, City Lights, the Challengers Boys and Girls Club of south central Los Angeles, the Metropolitan Washington, DC Police Boys and Girls Club, Youth Guidance and Youth Development; representatives from the Job Corps, JobStart, YouthBuild, the Comprehensive Competencies Program, and the Comprehensive Employment and Training Act; education and employment reform leaders; executive directors of first and second generation community development corporations; representatives of key employment and economic development national entities such as the Enterprise Foundation, LISC, the Manpower Development Research Corporation, Public/Private Ventures, the South Shore Bank and TELESIS; representatives from major foundations in the field--like Carnegie, Casey, Dewitt-Wallace Reader’s Digest, Ford, Grant, Lilly, Johnson, Kellogg, Mott, Pew and Rockefeller; leading proponents of problem oriented policing; cabinet

271
secretaries and key subcabinet executives from the Departments of Labor, Health and Human Services, Housing and Urban Development, Justice, Transportation and Commerce; and practitioners from foreign countries which have innovations to contribute -- like the French on child and youth programs, the Germans on apprenticeship and job training programs and the Japanese on community-based policing.

Using the present report as a point of departure and debate, the summit should have as its goal the recommendation of specific reforms with specific funding over a considerable number of years.

Above all, the summit needs to be particularly direct on the failure of the Congress and of the federal bureaucracy to reorganize narrow, categorical programs into flexible and multiple solutions that can be replicated at the grassroots level. People like Lisbeth Schorr, Joy Dryfoos, Elizabeth Sturz and Mimi Silbert should lead this discussion, which needs to conclude with at least the broad priorities for legislative reform and government reorganization. The outcome should be an ongoing federal task force on Replicating What Works. It should be closely controlled by the White House and come up with a plan within six months to reinvent the delivery of government reform for children, youth and the inner city. A new federal agency that reports directly to the White House should be considered to pull together under one roof all programs for high risk children, high risk youth and inner city development.
Lessons from Other Administrations

Beyond the many instances that we have given of what doesn’t work, other past federal administrations may provide lessons useful to the Executive branch in the mid-1990s.

Respect the Limits of Cabinet Government. It is difficult for cabinet departments and agencies to define and carry out interagency agendas because they are driven by conflicting interests. In the mid-1960s, the Administration recognized the realities of interagency turf wars. That is why many of the Great Society programs that have turned out to be successful, like HeadStart, were begun as new independent offices that reported directly to the White House, not through then-existing Cabinet Departments. But in the 1977-1980 post-Watergate atmosphere that encouraged more commitment to cabinet government, the Administration gave the lead for national urban policy to a cabinet secretary and asked the other secretaries to cooperate. That secretary, while brilliant, resourceful and politically savvy, found the other departments ignoring her time tables, not responding to requests for information and failing to compromise on their positions. The White House had to step in as a broker. But there still was not enough White House energy and direction, comparable to the mid-1960s, to launch and win Congressional support for a comprehensive, long term urban policy.

Build Multiple Constituencies. With the same party now in control of the Executive and Legislative branches, it is crucial to avoid the fighting and bickering that was present in
1977 and 1978, before the Administration brought in more experienced counselors to work with Congress and build constituencies.

HeadStart offers a good lesson in such constituency building. From the beginning, Sergeant Shriver, first director of the agency that began HeadStart, sought to "write HeadStart across the face of this nation" so that it was immune from political destruction. He marketed HeadStart by insisting on multiple goals. This ensured a diverse constituency. Conservatives liked the notion of "investing" in children. Liberals liked the early intervention that countered disadvantage. Shriver succeeded—despite the conventional wisdom that is hard to rally support for programs targeted on the poorest Americans.

HeadStart’s broad constituency sustained the program politically until long-term evaluation proved its cost-effectiveness—and therefore deepened support even more—as best evidenced by endorsement in the 1980s by the CEOs on the Committee for Economic Development in New York. We believe it is equally possible to build multiple constituencies for youth investment coupled with urban reconstruction—an approach which simultaneously is the most effective anti-drug strategy we can envision.

**Keep to a Few Priorities.** In 1977 and 1978, the Administration tried to do too much at once. How can we now respect this lesson and keep to the highest priorities—like the economy, the deficit and health care reform—without diminishing child, youth and inner city reform? One way is to make sure that high risk youth and the inner city benefit from top
priority economic reform--such as infrastructure development and military conversion. Another is to restructure failed existing programs--like the Job Training Partnership Act and the present delivery system for rehabilitating and constructing housing for the poor--without initially spending more money. Reasonable success with initial priorities, like the economy, the deficit and health care, can lead to a shift to other priorities, like those in this report, and accompanying levels of increased funding.

**Be Comprehensive.** A narrow, fool's gold approach to quick fixes for the inner city, high risk children and high risk youth will continue to falsely raise political expectations and then fail. The best evaluations show that only multiple solutions work. Rarely, over the last twelve years, were programs sustained long enough in any one location. This, too, assured failure. Based on many demonstrations, five years is about the minimum amount of time to expect positive outcomes to become clear when investing in children and youth in places like south central Los Angeles.

Surely south central Los Angeles--as well as the south side of Chicago, the South Bronx and the southeast Washington, DC--are the kinds of places that should receive first priority. But if programs for high risk children, youth and the inner city are spread over too many places, there will not be enough resources at any one of them. In the 1960s, the Model Cities program spread resources far too thin--because too many Members of Congress insisted on bringing home pork to their districts. The result was failure.
It also is true that just another series of "demonstrations" and "experiments" will not make a national impact. This is what happened at HUD in recent years—where there was much talk of empowerment of the poor but where relatively few tenant groups were so empowered.

So the Executive branch is between a rock and a hard place in the mid-1990s. Spreading scarce resources thinly over many places doesn’t work. Spreading scarce resources over a few places does not create national impact. The lesser of the evils is the latter. Initially, we should invest enough in the highest priority locations to make an impact -- felt at least across an entire devastated community, like south central Los Angeles, even if we cannot do enough for other places in Los Angeles and in other cities. But then, later, we must make good on a political promise to impact significantly all of the truly disadvantaged throughout the nation. That will require great political courage, and perhaps more selfless cooperation from Congress than the nation can expect.

Controlling Lobbyists

The control of special interest groups and lobbyists must proceed beyond Presidential decisions. In both Presidential campaigns and Congressional campaigns, the notion of "one person, one vote" does not hold true in America today. Big money distorts decisions on tax policy, defense spending, bank reform, health care reform, housing reform, education reform, and gun control, among other obvious examples -- to the detriment of the poor and the cities.
One of the worst recent examples is the banking industry’s bullying and manipulation of Congress. This helped lead to industry deregulation during the 1980s, the savings and loan crisis and the massive taxpayer bail out, still underway, which has drained hundreds of billions that could have gone into our proposed policy twenty five years after the Kerner Commission. (The scandal goes on; an Inspector General’s report has disclosed that the Resolution Trust Corporation, the federal agency in charge of the bailout, has been paying over 1,000 workers an average of $35 an hour to photocopy loan files at a failed California thrift.) To gear up for more business as usual, the American Banking Association has assembled a new powerhouse team to lobby in Washington, D.C. for its interests.

As William Greider has concluded, "Organized money is ascendant and organized people are inert, because money has learned how to do modern politics more effectively than anyone else."

Presidential campaigns now cost over $100M. The average winner of a Senate race spends about $4M. House races cost over $300,000. Much is spent on the media, especially television advertising. The funds come primarily from wealthy individuals and corporations. Candidates have to spend so much time in fundraising that they spend insufficient time thinking through effective policy.
Campaign Finance Reform for Presidential Races

For national campaigns, federal rules seem clear enough. Individuals can donate up to $20,000 to political parties for the support of national candidates. Corporations and labor unions cannot donate anything. However, in practice, the rules have been interpreted to contain a giant loophole, often called the "sewer money" loophole. Donations of any amount can be made, if the money goes into a separate account for administrative costs or for party building activities, such as voter registration drives. Of course, this "soft money" frees up more "hard money" for the national candidates.

This is not the way things were supposed to be. After the Watergate scandal, campaign laws were passed to curb the influence of big money. The law was established so that Republican and Democratic nominees could run their full campaigns exclusively on public funds -- which amounted to $55M for each party in the 1992 campaign.

But the loophole has allowed the two major Presidential parties to go after wealthy individuals, labor unions and corporations for the sewer and soft money. The two national parties have raised about $135M in sewer and soft money since 1981. The Republican National Committee has raised more sewer and soft money, but it is more important to the Democratic National Committee because this money accounts for twenty-nine percent of the DNC's resources. This is twice the percentage for the Republicans.
The Republicans call their mega donors "Team 100"—a group that numbers about two hundred seventy-five individuals who have given about $100,000 of personal or corporate funds to a Committee. The Democrats call their big contributors "Trustees" if they pledge $100,000 or "Managing Trustees" if they agree to bring in $200,000 or more. The Democrats now have over two hundred twenty-five Trustees and over forty-five Managing Trustees.

As one Republican fund raiser concluded, "Next time there will be a "Team 200" and then a Team One Million and then Five Million, and then there will really be an influence finance scandal; somebody is going to want something for that kind of money." They already do. In 1989, ten members of "Team 100" were nominated to be Ambassadors, and eight were approved by the Senate. None were rewarded because they were advocates for the disadvantaged.

Figure 24 shows the size of the sewer money loophole and lists some of the major contributors.

The solution that we, along with many others, recommend is shutting up completely the sewer money loophole for national campaigns.
Figure 24
THE SIZE OF THE "SOFT MONEY" OR "SEWER MONEY"
LOOPHOLE IN U.S. CAMPAIGN CONTRIBUTIONS
1981-1992

REPUBLICAN NATIONAL COMMITTEE

Money raised, in millions

Democratic National Committee

Money raised, in millions

Soft money as percent of all donations

Top donors of soft money to three National Republican Party Committees from 1983 through June 1982.

1. Archer Daniels Midland/CEO Dwayne Andreas $1,157,000
2. American Financial Corp./Carl Lindner $965,000
3. Atlantic Richfield Co./Lodwick Cook $962,000
4. RJR Nabisco/Ross Johnson $822,000
5. International Marketing Bureau/ Michael Kojima $741,000
6. U.S. Tobacco Co./Louis Banile $567,000
7. Henry Kravis, George Roberts
   Paul Raith and Robert I. MacDonnell
   of Kohberg, Kravis, Roberts
   $539,000
8. Nicholas and Theodore Forstmann and
   William Brian Little of Forstmann Little & Co.
   $484,000
9. Merrill Lynch & Co./William A. Schreyer
   $457,000
10. Philip Morris $337,000


1. United Steelworkers of America $757,000
2. National Education Association $532,000
3. American Federation of State, County and Municipal Employees
   $517,000
4. United Auto Workers $418,000
5. Frederick W. and Susie Field, Los Angeles, film and record producer
   $403,000
6. Alida Rockefeller Messenger, Minneapolis, philanthropist
   $400,000
7. Sheet Metal Workers union $388,000
8. Richard J. Dennis, Chicago, commodities broker
   $388,000
9. RJR Nabisco $279,000
10. American Federation of Teachers $236,000

Sources: Center for Responsive Politics, party disclosures and The Washington Post.
Campaign Finance Reform for Congressional Races

For Congress, the best way to reduce the influence of money is to limit the amount of cash raised and spent in a campaign. However, the U.S. Supreme Court has ruled that campaign spending is constitutionally protected free speech. Consequently, Congressional campaign spending can only be capped by following the present procedure for Presidential campaigns—in which candidates are offered public financing in exchange for voluntary limits on outlays. Under such a plan, once an office seeker for the Congress raises enough private money to reach a threshold, the government funding would kick in. For example, under a proposal by Senate Majority Leader George Mitchell, candidates would qualify for matching funds by winning a primary and by raising either $250,000 or ten percent of a general election ceiling, whatever is less.

The present system is heavily biased towards persons in office. Incumbents receive over ninety percent of corporate political action committee gifts and more than three fourths of labor political action committee money. The public is aware that this means the individual citizen loses out in influence to Big Businesses and Big Labor. In one recent survey, for example, three out of four Americans agreed that, "Congress is largely owned by these special interest groups." In turn, it is often to the advantage of such special interests to prevent anything from happening. For example, while many politicians talk about reforming the health care system, medical industry political action committees lobbyists -- the kind of people former President Carter has called "the most despicable" -- have given more than $60M to Congressional candidates since
1980 to keep things just as they are. Minorities and the poor are near or at the top of the list of those who suffer as a result.

Beyond public financing of Congressional elections, we need free broadcast time to political candidates, strict ceilings on the amounts that candidates for Congress can raise in an election campaign, equally explicit ceilings on the amount that individuals can donate to the candidates, elimination of campaign contributions from political action committees, elimination of mass mailings and computer generated letters by incumbents that are actually nothing more than campaign literature, and replacement of the present, ineffective Federal Election Commission with an agency with real clout, including criminal sanctions instead of token fines when the rules are broken. In addition, we need far shorter Presidential and Congressional campaigns, more like the system in Great Britain.

Thanks to the Common Cause Anti-Corruption Campaign, a substantial majority of the members of the House and Senate are publicly on record in favor of most of these campaign reforms. They now need to act on their promises.

**Other Controls on Lobbyists**

Hill and Knowlton, the huge Manhattan-based lobbying shop with major operations in Washington, DC, has become perhaps the most notorious lobbyist for hire -- by accepting some of the world’s most unsavory clients. Those clients have included the People’s Republic of
China, to enhance its image after the tank-led massacre of students and other citizens advocating democracy in Tiananmen Square in 1989; the brutal Duvalier dictatorship in Haiti; the scandal plagued bank of Credit and Commerce International; and the campaign, financed at $18M by the exiled Kuwaiti government, to promote the Persian Gulf War, which featured testimony in Congress and the U.N. by the disguised daughter of the Kuwaiti Ambassador to the U.S.

We agree with Common Cause that there needs to be much tighter control on the day-to-day activities of such lobbyists, and that their clients and activities need to be made public. This does not mean the lame lobbying disclosure bill proposed in 1993 by Senator Carl Levin. We need a much tougher, tighter bill that requires disclosure of the sort of embarrassing details that might actually shame a Member of Congress to quit accepting expensive meals, exotic vacations and hosts of other bribes from lobbyists.

We also endorse the recommendation made by the Progressive Policy Institute in its report, *Mandate for Change*, that a non-partisan commission be established by the President to reassess all programs that provide federal subsidies for special interests. As part of a valid and ethical definition of "investment," this means, for example, that special tax breaks for particular industries could be phased out as unproductive entitlements to the well off.

By controlling the power of monied interests, this recommendation helps to create a more level playing field for minorities and the disadvantaged. It also can potentially raise a great deal of new funding for children, youth and the inner city. For example, in *Mandate for Change*,

282
as discussed in Chapter 7, just some of the examples of such breaks that would qualify for phasing out would generate savings of about $7B in the first year and about $35B over four years.

Making Congress More Honest and Efficient

Eliminating gridlock also means, more comprehensively, reforming a Congress which so many Americans hold in contempt. Among other initiatives, this means refusing to let Congress betray campaign finance reform, teaching Congress how to organize for and legislate multiple solutions, requiring that Congressional non-competitive set-asides and earmarks in appropriations legislation be based on scientific evidence of success, reducing the number of Congressional committees (but not arbitrarily) and imposing term limits in recognition of how Congress has failed the American people.

Don’t Let Congress Betray Campaign Finance Reform

Campaign finance reform is not just the best way to control lobbyists. It also is the best way to make Congress more honest.

The Executive Branch and citizen groups cannot allow Congress, and especially the majority leadership of Congress, to backpedal on the campaign finance reform proposed by Common Cause, and to postpone it until, for example, after the 1994 elections. Senior members of the majority party in Congress may well fear that reform could lessen their power and thwart
Make Set-Asides and Earmarks More Objective and Science-Based

Congress spends too much time micromanaging the government. Over-provisioned bills often are so cumbersome that only their chief sponsors know what is in them. The original Clear Air Act, for example, covered less than two pages, while the latest reauthorization covered over three hundred.

For many of the kinds of reforms in this report, Congress can designate non-competitive set-asides in appropriations legislation or, increasingly, can recommend non-competitive earmarks of funds in the Senate, House and Conference reports accompanying the legislation. To better base legislation on what actually works, we believe it is imperative that all programs receiving such set asides and earmarks be validated on the basis of scientific evaluations proving their success. The General Accounting Office, the Congressional Budget Office and the Office of Technology Assessment should be the judges of whether a program has sufficient scientific proof of success, and the Executive Branch should keep a sharp eye on decisions, using the expertise of the Office of Management and Budget.

Reduce the Number of Committees -- But Not Arbitrarily

During the 102nd Congress, there were over three hundred committees and subcommittees in the House. Thirty committees and seventy-seven subcommittees review pieces of the defense budget alone. All committees need staff, and some of the staffs, at the full
committee level, are very large indeed. Legislative log jams are created by referring bills to multiple committees. The Byzantine process makes it all too easy for lobbyists and Members of Congress to derail legislation that benefits the truly disadvantaged.

Some reform now is underway, but it does not go far enough. For example, we believe that a proposal like that of Senator David Boren and Representative Willis Gradison, Jr., should be adopted. This plan would cut in half the number of House and Senate committees. In addition, we believe that the House and Senate should be cut by a third the personal staff of these surviving committees. Referral of bills to multiple committees should be sharply limited. A single panel should be allowed to move them either to the House or Senate floor for action.

The streamlining process should not be arbitrary, however. It should be based on the contributions made by a committee or subcommittee. For example, four special select House committees have no legislative authority, but have focused attention on issues central to this report -- narcotics; children, youth and families; hunger; and the aging. Especially during the past twelve years of disinvestment, these committees have, in our view, often maintained the spirit of the Kerner report far better than the legislating committees, and they should be retained to help champion the reform proposed here.

Committee leadership is perceived as a "perpetual entitlement," with the senior member becoming chair by virtue of seniority. We believe that this should be replaced with a system
their personal and partisan ambitions. Every effort must be made to seal off all avenues by which Congress keeps corrupt special interest money funneled to it.

According to the Federal Election Commission, in the 1991-1992 election cycle, Speaker of the House Thomas Foley received $401,290 in contributions from private industry and other interest groups (which amounted to seventy-two percent of all the contributions he received for the election cycle), Majority Leader Richard Gephardt received $1,231,077 (thirty-eight percent), Majority Whip David Bonior received $931,013 (seventy-two percent), Democratic Caucus Chair Steny Hoyer received $710,167 (fifty-five percent) and Democratic Caucus Vice Chair Vic Fazio received $1,145,288 (fifty-eight percent). That is not leadership.

The need for campaign finance reform is all the greater if we are to pass legislation in support of the proposals in this report. The health care lobbyists whom former President Carter called "the most despicable on earth" do not carry with them the interests of the truly disadvantaged. The bankers who have put a new high powered lobbying team in place and the for-profit housing developers with little interest or experience in solutions like TELESIS will oppose our greed-reducing, non-profit-centered reform of housing construction and rehabilitation. The National Rifle Association will generate hate mail -- and more -- in response to our gun control proposals and our concern, shared by police, that poor inner city kids no longer be shot by drug dealers with machine handguns and assault rifles. Many of these lobbyists are good examples of what Ross Perot calls the K Street fat cats with "thousand dollar suits and alligator shoes."
Members of Congress who sell themselves to such lobbyists, and who do not think they can pay their own way on their $133,644 per year salaries, should be targeted for defeat by citizen public interest groups.

Teach Congress How to Legislate Multiple Solutions

Legislators need to be educated on how multiple solutions work best and how legislation is fragmented, uncomprehensive and short term. We remind the reader of the non-solution that Congress came up with after the 1992 Los Angeles riots. Some understanding might be instilled by inviting legislators and their staffs to summits, like the one we have proposed on Replicating What Works. The kind of briefings provided by the John F. Kennedy School for incoming Members of Congress potentially provide another forum for teaching multiple solutions. The General Accounting Office, the Congressional Budget Office and the Office of Technology Assessment could help immensely with well publicized reports on lack of multiple solutions and failure of most legislation to include the evaluations needed as basis for replication, if there is initial success.

In addition, there has not been a basic realignment of Congressional committees since 1946. Turf protectors will protest, but a realignment that organizes multiple solutions for at-risk children, at-risk youth and the inner city into one committee would likely yield more comprehensive, holistic legislation.
Promoting Grassroots Leadership by Citizens

If we are to reverse the betrayal of American democracy, we need more than national leaders who are courageous, lobbyists who are controlled and legislatures which are more honest and efficient.

In the words of William Greider, in *Who Will Tell the People*, "Rehabilitating democracy will require citizens to devote themselves first to challenging the status quo, disrupting the contours of power and opening the way to renewal." Common people must engage their surrounding realities and "question the conflict between what they are told and what they see and experience."

There are plenty of historical precedents for resurgent efforts by citizens to question the conflict between what they are told and what they see and experience. Throughout American history, whatever excesses have resulted in private gain for the few and hardships for the many, reform minded citizens have eventually connected with reform minded legislators and bureaucrats to create reform, even if there often have been interminable delays to that reform.

For example, 1913 was a time not unlike our own. Working and middle class Americans were paying a disproportionate share of running the government. Yet living standards were
declining. To correct the imbalance, Congress drafted legislation calling for a progressive income tax. There was, of course, intense opposition in Washington, DC, influenced by powerful special interest groups. Senator Henry Cabin Lodge said that the progressive income tax was an attempt to "punish a man simply because he has succeeded and has accumulated property by thrift and intelligence and character." Others said that the income tax was a communist plot. When fat cat lobbyists mounted an intensive campaign to block enactment of the progressive income tax, President Wilson spoke out: "It is of serious interest to the country that the people at large should have no lobby and be voiceless in these matters, while great bodies of astute men seek to create an artificial opinion and to overcome the interest of the public for their private profit....Only public opinion can check and destroy it." And that is what happened. Public opinion, organized at the grassroots, achieved passage. In the 1980s, as we have seen in Chapters 2 and 7, the income tax became much less progressive. But the organized citizenry can overturn that, as well.

We need to expand the ability of citizen grassroots organizations to work for the reforms advocated here. We speak of groups like the Children’s Defense Fund, Common Cause, Congress Watch, the Center on Budget and Policy Priorities and hundreds of others. Such organizations -- public interests not special interests -- need more funding to expand their activities, just as more organizations like them need to blossom. Because they are watchdogs of the federal process that is needed to generate enough resources to make a national impact on at-risk children, at-risk youth and the inner city, they need to be financed with non-public resources. We call for a renewed commitment by the foundation community in the U.S. to
whereby a chairperson is elected periodically based on mastery of the subject and national recognition as a genuine expert and leader in the field.

**Impose Term Limits**

After the 1992 Los Angeles riots, Senator Daniel Patrick Moynihan observed, on the Senate floor (emphasis added):

"[T]he most important thing to observe at this moment is that we have no resources. If resources are an issue, we do not have any. And it is no accident, Mr. President, that we do not have any, but a deliberate act of government *in which this body acquiesced*, which this body to this day seemingly cannot understand...."

In 1981, people came to this city and deliberately set about destroying the capacity of the federal government to respond to these issues with anything like the resources that might be needed....

This is a very important subject. If we do not get this straight, all the rest is flawed.

Over the 1980s, after people came to the Executive Branch to deliberately destroy the capacity of government to act in the spirit of the Kerner Commission, why did not the majority party in Congress, and particularly its leadership, do a better job of just saying no? Why was job training and placement for the poor allowed to drop from $11B to $3B, housing appropriations for the disadvantaged allowed to be cut by eighty percent and cumulative Star Wars spending allowed to exceed $30B by the early 1990s? How could the majority party leadership have allowed the deficit and the savings and loan scandal to get so out of control?
The rich to get richer and the middle class and the poor to get poorer? The income tax to become much less progressive? Prison building to double? The inept Job Training Partnership Act or the Alice in Wonderland post-Los Angeles riot legislation to be passed?

This complicity by the majority party in Congress makes the case for term limits. We believe that federal term limits for Members of Congress, if wisely and uniformly adopted, could further unclog the arteries of Congress and lead to more timely and wise multiple solutions to the problems proposed in this report. For better or worse, federal term limitation is an idea whose time has arrived. In the 1992 elections, for example, term limitations proposals were on the ballot in fourteen states, and each passed decisively. However, Congress should impose uniform federal term limits. That is because some states now have limitations to six years, while others have eight or twelve. This gives a tremendous advantage in seniority to states without term limitations.

Term limits do not necessarily mitigate against recycling of the same kind of candidate—that is, someone who takes and is influenced by campaign money from special interests or who is wealthy enough to take off time from a career to campaign. Accordingly, we only advocate uniform federal term limitations if there also is campaign finance reform along the lines of this report.

Of course, a Congress which offends so many Americans is unlikely to give up its pork and privileges, so term limits must be pushed by the media and citizenry.
financially support these watchdog organizations. We hope such extended funding can be one issue discussed at the Kerner Commission summit on Replicating What Works that we have proposed.

In other words, just as we have encouraged a top down process, inspired by Presidential leadership and hopefully complemented by Congressional cooperation, so we advocate a bubble up process, by citizens, to simultaneously further the recommendations in this report.

We give just a few examples of the grassroots action that is needed. They include lobbying Congress for specific measures that have proven track records, like Head Start; educating citizens and politicians on what works through better use of public service advertising; performing watchdog assessments of the federal budget; organizing political reform through better informing voters and increasing their registration; and providing more safeguards against media manipulation by lobbyists and government.

Citizen Organizing to Replicate What Works.

No better example exists of grassroots organizing for the priorities of the Kerner Commission than the work of the Children’s Defense Fund. Over recent years, the Children’s Defense Fund has lobbied for and won an increase in Head Start funding of over ten percent. The lobby for reform of the Job Training Partnership Act is not nearly as strong as the Children’s lobby, and deserves more support from foundations to expand its efforts. The lobby
for changing the delivery of new and rehabilitated housing for the poor is emerging more rapidly -- through the success of LISC and the Enterprise Foundation over the last decade. There is no strong lobby for model youth and social development non-profits, like Argus, Centro and Delancey. The proposed Corporation for Youth Investment could become that lobby but, if its replication were financed through federal funds, the lobbying work would need to separate out into a different organization funded by foundations and individuals. Such a spin off also could more directly focus on advocacy of multiple solutions to multiple problems.

Communicating In New Ways Through the Media. But the public can be better educated on multiple solutions that are more cost effective to the taxpayer than prison building, in part through reinvigorated public service announcements in the electronic and print media.

We give priority to the electronic media because, for better or worse, it today accesses far more Americans than the print media. We have demonstrated the logic of specific programs that illustrate multiple solutions through scientific evaluations. But Americans must get a feel for what works and trust it. Successful programs must become household images.

We need thirty or sixty second public service messages that are narrated by persons respected by the general public and which illustrate how and why the day-to-day activities of a specific, successful organization work. Even if the average citizen does not care about scientific evaluations, he or she may come to accept the program based on the credibility of the presenter,
(although the announcement can encourage the viewer to send away for more specific, written, information that includes the evaluation findings).

We envision someone like Patrick Ewing imaging the Argus Community, Antonia Novello showing San Juan Centro to the public, Joe Montana giving a tour of Delancey Street in San Francisco, Bill Cosby talking to program directors at the Challengers Boys and Girls Club in south central Los Angeles, Maya Angelou exploring Fairview Homes in Charlotte, NC, Michael Jordan hanging out with Youth Guidance in Chicago, Edward James Olmos championing the success of Youth Development in Albuquerque and the President and First Lady letting the public know about the Metropolitan Police Boys and Girls Club, TELESIS and City Lights School in Washington, DC.

In the process, these well known public figures would help to make the leaders of successful inner city programs better known to the public. As Neal Peirce asks, in the *National Journal*:

Where in films and television are some of the real heroes of today’s urban America? What about the amazing civic entrepreneurs who head community development corporations or the dedicated, fervent citizens who work to make homeless shelters homey, havens for battered women humane and health clinics caring?
There is some precedent for what we have in mind. For example, former Congresswoman Barbara Jordan, with her usual eloquence, narrated an hour long special on the Public Broadcasting System (PBS), entitled *From the Bottom Up*. It illustrated community-based economic development organizations, including the Mid-Bronx Desperadoes Community Housing Corporation, which the Eisenhower Foundation has evaluated as successful. Visuals of the organizations, and their leaders, combined with the inspirational voice and prestige of Professor Jordan to create a powerful message. But the Public Broadcasting System audience was limited and probably did not include a substantial number of people who spend hours in front of football games or soap operas. We need more such PBS documentaries, but also shorter messages on both commercial and cable television. The messages need to be shown during prime time, not on Channel 98 at 2:30 in the morning. The messages should be financed through a combination of pro bono contributions by the electronic media, increases in foundation support for production and perhaps some form of federal tax credit or other incentive.

The organizations which produce the public service messages should not be establishment oriented entities which, in effect, seek to impose their values on minority youth. There is no scientific evidence that public service announcements by such groups (for example the "Just Say No" Nancy Reagan Anti-Drug Campaign or the Crime Dog Media Campaign) have a scientifically demonstrable positive impact on the behavior of minority high risk youth in the inner city.
Rather, one alternative could be the film Boys 'N the Hood. Here, an African American director sought to communicate to all of America the realities of the street and, by implication, the policy that was needed. It is unlikely that many in the Washington, DC establishments and other establishments saw these visuals. But the reversal of process was important. Instead of the establishment trickling down ineffective messages to minorities, we had a street wise minority bubbling up a message to the establishment, among others.

One thing we need, then, is to fund minority producers to generate the public service ads that are envisioned here. This expands their capacity, rather than the role of more establishment and powerful agents of influence. Both national and local non-profit organizations are capable of such messages. For example, the Dorchester Youth Collaborative, which we have found to be promising (Chapter 3), already is sophisticated enough to market its videos, which contain public service messages, through Block Buster Video and K-Mart.

Importantly, the goal of such messages that are minority-run and that build capacity for minority organizations should be to change the attitudes of citizens and politicians about what works and what doesn’t work. For example, as Figure 25 shows, after the 1992 Los Angeles riot, a national New York Times/CBS News poll asked Americans what they thought the biggest difficulty was in any effort to fund urban reform. Fifty-two percent said the biggest difficulty was lack of knowledge. Given that we do know a great deal about what in fact works and can be replicated, even though we must be careful not to overstate, it seems clear that considerable public education is in order.
PUBLIC OPINION ON MAJOR DIFFICULTIES IN SOLVING CITY PROBLEMS IN THE U.S. 1992

"Any effort to spend money to try to solve the problems of the cities faces several possible difficulties. Which do you think is the biggest difficulty at this time?"

Lack of knowledge 52%
Lack of concern 31%
Lack of Government money 7%
Combination answers are not shown

Public opinion experts have estimated that it takes up to ten years between the time a new idea is introduced into the rough and tumble of our democracy to the point where it is accepted by a majority of the population. The problems we face are decades and generations long in their emergence. So ten years seems a relatively short period for changing attitudes on how to solve them.

**Watching the Budget.** When it comes to the role of non-profits in furthering the kind of strategy which we advocate here, a less glamorous process, but one that has crucial watchdog impact, is assessment of the annual federal budget. For example, we earlier endorsed the Progressive Policy Institute’s proposal for phasing out unproductive tax breaks to the well off. We also need to prevent, through the annual budget negotiations and debate process, the addition of new breaks that further economic advantage for the fortunate fifth of the income distribution.

One of the leading organizations which has a watchdog function over the budget is the Center on Budget and Policy Priorities in Washington, D.C. In its review of the 1993 budget, the Center reached these conclusions on the capital gains tax proposed:

Taxpayers with incomes over $200,000 constitute the wealthiest one percent of all households in the U.S. The Joint Tax Committee analysis estimates that they would received 52.5% of the benefits from the capital gains tax cut. The top three percent of all households--those with income exceeding one hundred thousand--would get seventy percent of the tax benefits from this proposal.

By contrast, the typical middle class income family does not have capital gains income and would not benefit from the capital gains
The Joint Tax Committee estimate shows that those with income below fifty thousand constitutes eighty percent of all tax filing units but would receive just ten percent of the benefits from the President’s capital gain cuts.

**Citizen Organizing to Reform the Political Process.**

The Common Cause Anti-Corruption Campaign is one of the best examples of a non-profit working to reform the political process. Its efforts should be reinforced and expanded via increased foundation support.

Similarly, organizations like Congress Watch need more support -- for example to monitor the Joint Committee on the Organization of Congress or to remind the citizenry that, in spite of all the talk of reform by new Members of Congress in 1993, one of the committees in greatest demand for membership was the House Public Works Committee -- the committee with the most pork to distribute.

Less well known non-profits also can be illustrated to show how citizens are improving the working of our democracy. In Oregon, Project Vote Smart satisfies the voter demand for impartial and factual information about people seeking office in their states. During the last political campaign, the project answered over two hundred thousand calls made to its 800 number requesting information on the policy positions, backgrounds and financiers of Congressional and Presidential candidates. The budget for all of this was about $1.5M--about
what a Presidential candidate raises in one fund raiser. The money came from foundations and membership funds.

Along the same lines, in Pennsylvania in 1992, the Citizens Jury Project assembled "juries" which were representative of population mixes in various parts of Pennsylvania. Each jury examined the rivals in the U.S. Senate race--reviewing issues such as education, health care and the economy. The jury then rendered a "verdict" on the candidates. The Project also has begun juries on where to reduce federal expenditures and how to increase taxes (Chapter 7).

**Increasing Voter Registration.** Hopefully, such anti-corruption and voter education projects can increase voter registration and turnouts at the polls. The U.S. has the lowest level of voter turnout of any major democracy. The fifty-five percent turnout in the 1992 Presidential election was the largest in almost thirty years. More typically, less than half of all eligible voters come to the polls in a Presidential election year. Least likely groups to register and to vote are poor and minority voters in large cities. Here registration is the major barrier. When the poor are registered, more than two thirds of them actually vote.

How, then, to increase voter registration of the disadvantaged--who have the most stake in the issues raised by the Kerner Commission? One guideline is the Canadian system. When an election is called, a complete national registration is carried out in a matter of weeks by an agency named Election Canada. Over seventy percent of eligible voters normally go to the polls in Canada.
Whereas Election Canada spearheads the initiative to get registered, in the U.S. the burden is entirely on the shoulders of the individual. Yet America’s voter registration laws remain complex. They differ from state-to-state and often from community-to-community. That is why Senator Wendell Ford sponsored the National Voters Registration Act in 1992. This so-called "motor voter" bill was passed by Congress but vetoed by the President. It would significantly increase voter participation mainly by permitting registration at motor vehicle agencies, welfare and unemployment offices and other sites. The effectiveness of such motor voter-type registration is documented. For example, researchers at the University of Kansas evaluated the effects of increasing the accessibility of registration and providing incentives to register in two commodity food distribution sites for low income people. The evaluation showed up to a one hundred percent increase in the percentage of people registered to vote.

We urge passing of something like the National Voter Registration Act and continued pressure by community-based non-profit organizations, unions, churches and other organizations to mobilize the poor to vote.

Citizen Organizing to Reform the Media

The Kerner Commission concluded:

Important segments of the media failed to report adequately on the causes and consequences of civil disorders and on the underlying problems of race relations. They have not communicated to the majority of their audience -- which is white -- a sense of the degradation, misery, and hopelessness of life in the ghetto.
In response to the Kerner conclusions, news media made some significant changes in their newsroom hiring practices. Although new organizations made a conscious effort to hire more minorities, they continue to represent only one-third of the population of minorities in the general population.

According to a recent survey by the American Society of Newspaper Editors, minorities make up less than eight percent of the 56,900 newsroom jobs. Fifty-four percent of daily newspapers in the United States still employ no African-Americans, no Latinos, no Asians, and no Native Americans. Moreover, only two percent of faculty holding associate or full professor rank are minorities. Last year, nationwide, only ten African-Americans and one Latino received PhDs in Journalism.

The Need for External Criticism. But it is naive to assume that the media’s deficiencies in minority coverage can be eliminated only by hiring minority reporters. The Kerner Commission’s statement remains just as relevant today. To balance the playing field for the poor and disadvantaged, non-profit watchdog organizations need to work with and, when necessary, criticize not only the politicians legislating change and the executives implementing it, but also the media which packages--and often distorts--what is happening out there.

In part, this is the result of the inner-structure of American news organizations — with specific beats tied to specific, government-defined topics and institutions (like courts or schools). But packaging most often relates to the news media’s narrow definition of newsworthiness,
which revolves around discrete events, a succession of crises, devotion to the ideal of objectivity and a tendency to rely on official sources, even though those sources are overtly subjective.

As Columbia Graduate School of Journalism Dean Joan Konner recently concluded, in response to media criticism concerning the Rodney King incident:

At the outset, we should recognize that most of journalism—about eighty percent—has always been vulgar and about five percent has been outstanding...In the news business, we are what we ask...We cover mostly the institutions of power: government, business, culture, law. If you're in that win-lose power construct, you're hard news. If you're not part of the power beat, you're a feature, or a statistic, or no news at all--like children, or ideas.

**Functioning Adequately for the People.** One can applaud Charles Kuralt's Sunday morning program, the *McNeil Lehrer Hour*, the *CBS Evening News*’ *Eye on America*, the American Agenda segment of *ABC World News Tonight*, the twenty-four hour coverage on CNN and articles in such national newspapers as the *New York Times*, the *Washington Post*, the *Wall Street Journal* and *U.S. Today*. All have covered many of the kinds of initiatives that we advocate.

But, as William Greider relates, one reason why the politicians were able to keep the savings and loan disaster from the people for so many years and then dump a huge liability on the taxpayers, pushing back reform for the poor, was that the mass media did not function
adequately for the people. The mass media, too, concludes Greider, have converged with the powerful elite interests that dominate politics. In so doing, the media have failed the people.

The press "bungled" the savings and loan story, says media reporter Howard Kurtz, because "in the 1980s, most reporters and most editors, for whatever psychic reasons, didn't want to challenge the government on a lot of fundamental stuff." The media's reluctance to inform the public for fear of being responsible for a run on the financial institutions was putting too much trust in the government. A short-term run might have in the end prevented the long-term bailout. "No news media organization was willing to question authority."

The power that the news media could have had to save the day for American taxpayers was illustrated finally when Congress held fifty hours of detailed hearings on the debacle. Although all the details of the savings and loan crises had been known for two years, the media coverage of the hearings on the Keating Five prompted the FBI to begin an investigation.

Similarly, in her expose of lobbyist Robert Gray, Susan Trento concludes (emphasis added):

Nothing seems to get cleaned up. From Watergate to Koreagate to Debategate to the Sex and Drug investigation to Iran-Contra, to the Savings and Loan and HUD scandals to BCCI, it seems that the same people are doing the same things over and over, and never getting punished -- and no one seems to care. The triangle -- the media, the government, and the lobbying and PR firms -- protect each other.
Countertrends. There are some countertrends, and they must be expanded and reinforced by non-profit media watchdogs that are funded by private foundations.

Again we give just a few illustrations -- here of more responsible media behavior. One was "Your Vote in 92," a project begun early in 1992 in North Carolina by the Charlotte Observer. Before the political campaign even geared up, the Observer polled readers on the issues that they cared most about. It was a kind of needs assessment. With the findings in hand, the Observer then oriented its coverage to the greatest needs and concerns. Articles outlined alternatives solutions to problems. Positions taken by the candidates on those solutions were assessed. There were good results. Voter turnout, for example, increased by almost one third from 1988 to 1992 in the county where the paper is based.

Other newspapers around the nation improved their coverage of issues, as well, in 1992 even if they did not reformat their procedures as dramatically as in Charlotte. For example, "Ad Watch" boxes became more common in newspapers across the nation. They tried to analyze and evaluate the content and honesty of candidate advertisements. There also was indication that radio and television became more substantive in the 1992 campaign. National Public Radio continued stellar campaign work, including coverage on "All Things Considered." But MTV's "Rock the Vote" initiative to bring the election to young people and young people to the ballot box illustrated welcome additions to media campaign responsibility.
Probably the most salient electronic media campaign contribution to the 1992 election occurred during the eight day series of Presidential and Vice Presidential debates in October, 1992. There were four debates, allowing considerable time for the media to cover issues. The Independent candidate was allowed to debate, and this added fresh perspectives. The decision to allow, at least in one debate, the candidates to meet and interact with the audience, if they wished, in more of a town hall type setting proved immensely popular with the voters and provided new insights into the candidates.

Importantly, this coverage was only possible because of the bi-partisan Commission on Presidential Debates which organized it. This non-profit entity was supported by private funding. With the success of the Commission on Presidential Debates in mind, we urge private funders in the future to better address the clear public hunger for substantive politics that emerged through the debates.

At least as measured by the 1992 Presidential election, it also appears that negative media advertising, like the Willie Horton message in 1988, lost some of its past potency. It appeared that voters wanted more substantive coverage. Voters also observed the candidates more directly through the debates and through another new initiative, talk show appearances. Whether the apparent decline in 1992 of negative ads simply reflected an ailing economy or will be sustained in the future remains to be seen.
Replicating Responsive Journalism. These isolated examples of responsive journalism need to be replicated. The question of how was addressed by the Kerner Commission. It recommended the founding of an Institute of Urban Communications to study inner-city issues and inform journalists about the problems of the city. The institute was never established. In its place, the industry itself has organized and conducted a few notable seminars and conferences, but these were attended by too few, and the suggestions resulting from them implemented by even fewer organizations. Communications within the news media industry need to be improved.

We recommend that reputable national news media organizations -- such as the American Society of Newspaper Editors -- undertake widespread seminars and continuing education programs for newspaper reporters and editors, working in conjunction with smaller organizations that represent or at least attempt to collect African-American journalists and focus on their concerns. These seminars need to allow for day-time attendance, sponsored and encouraged by media organizations. Instead of focusing on the dilemma of reporting on inner-city America, creative solutions need to be offered to help all journalists learn how to improve.

One of these creative solutions has already been crafted -- to hire and train reporters to serve the beat known as inner-city. Reporters who have studied the issues facing the inner-city residents, much the way business reporters often have taken specialized courses to understand economic and business issues, would be well equipped to notice story ideas, develop reliable
sources within the neighborhood and therefore not rely on the police scanners and other crisis-oriented sources of news.

Another promising proposal involves changes in the curricula of journalism schools -- training journalists to cover better the inner-city and to recognize how racism impacts there and sensitizing students to the special problems and challenges of minority coverage.

We applaud the efforts of the American Society of Newspaper Editors to publish a guidebook for newspapers to perform self-audits on their coverage of community, diversity and inner-city issues. Modeled after existing publications by specific news organizations -- like the Gannett Corporation -- the guidebook will provide some quantitative measures that newspaper editors and publishers can use to analyze their news content. Whether newspapers will take the time and the resources to use the method is uncertain, but the existence of the guidebook should help media watchdog organizations in their efforts to monitor local coverage.

A Deeper Sense of Responsibility.

As John Gardiner has warned, ultimately grassroots organizations and citizens acting alone must be prepared for sacrifice. Over the 1980s and longer, we consumed too much and saved too little. Quick fixes have substituted for public responsibility. The one trillion dollar debt is a tax on our children. Americans now must have the intelligence, willingness, courage
and strength needed in the face of hard realities. They must, for example, be willing to pay
more taxes—ever if most of those taxes are on the rich. They must acknowledge the need for
long run solutions and have the patience to implement what works over time. They must, to
paraphrase Vaclav Havel, rediscover within themselves a deeper sense of responsibility toward
the world.

The Challenges Within and the Dream Deferred

Our most serious challenges to date have been external. Serious external dangers remain,
but the graver threats to America today are internal. The greatness and durability of most
civilizations has been finally determined by how they have responded to these challenges from
within. Our will be no exception and so, in the concluding words of the Kerner Commission,
it is time "to end the destruction and the violence, not only in the streets of the ghetto but in the
lives of the people."

With leadership both from the top as well as the grassroots, we can face those challenges
and end that destruction. We no longer need to defer the American dream to substantial portions
of the American population.

"What happens to a dream deferred?" asked the honored African-American poet,
Langston Hughes:
Does it dry up
Like a raisin in the sun?
Or fester like sore--
An then run?
Does it stink like rotten meat?
Or crust and sugar over
Like a syrupy sweet
Maybe it just sags
Like a heavy load.
Or does it explode?
Des Moines Police Chief William Moulder greets a young Tokyo resident during a routine home visit by Toyko Metropolitan Police Department officers. Looking on is Wayne Ford, founder of the Urban Dreams social service agency in Des Moines. Both were members of the Eisenhower Foundation’s 1992 Delegation to Japan.

Photo by Vesta Kimble, 1992.
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