

# The Millennium Breach

Richer, Poorer and Racially Apart

In Commemoration of the Thirtieth Anniversary of the  
National Advisory Commission on Civil Disorders

Second Edition, 1998

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Commission on  
Civil Disorders

THE MILTON S. EISENHOWER FOUNDATION  
AND  
THE CORPORATION FOR WHAT WORKS

The Milton S. Eisenhower Foundation  
and  
The Corporation for What Works

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## Acknowledgements

Chapter 1 of The Millennium Breach was written by Fred R. Harris, Co-Chair of the Milton S. Eisenhower Foundation, former United States Senator (D., Oklahoma) and a member of the original National Advisory Commission on Civil Disorders. Chapters 2 through 7 were written by Lynn A. Curtis, President of the Foundation and former Executive Director of President Carter's Urban and Regional Policy Group. Some of his work here has evolved from a lecture given at All Souls College, Oxford.

Eisenhower Foundation Vice Chairs Elliott Currie and Joy G. Dryfoos read the manuscript, made helpful suggestions and contributed sections to the report. Eisenhower Vice Chair Yvonne Scruggs-Leftwich contributed to the section on race-specific policy. Eisenhower Foundation Trustee Leila McDowell and her partner Gwen McKinney organized the media strategy for dissemination of the report. Dorothy A. Coleman, Director for Capacity Building at the Foundation, supervised much of the production process, undertook research, copyedited and coordinated with the media as part of the Foundation's communicating what works initiative.

We wish to acknowledge the substantive input and advice of Jeanne Brooks-Gunn, Rebecca Buchanan, Kent Cooper, David Chavis, Cushing Dolbeare, Greg Duncan, Pablo Eisenberg, Jeff Faux, Paul Jargowsky, Jerry Jones, Robert Kuttner, Molly Martin, James Quane, Bruce Raskin, Gary Sandefur, Elizabeth Sturz, William Taylor, Thomas Wells, Roger Wilkins and William Julius Wilson.

The work of Eddie Banks, Richard Foote, Rodney Jackson, Pat Kelly, Kien Lee and Ming Trammel contributed to chapters of this report, which was printed by ImaTek.

We strove to release a document on March 1, 1998, exactly 30 years to the day after the Kerner Commission issued its original report. Later, under less time pressure, we will publish a more elegantly packaged version of this update.

The report was word processed by Pam J. Green and assisted by Betty Entzminger and Katherine L. Hunter.

The front cover shows a scene from the Detroit riot in the late 1960s, reprinted from the original Kerner report. The back cover has feedback from the media on the Foundation's 25 year update of the Commission, published in 1993.

## **Executive Summary**

"Our Nation is moving toward two societies, one black, one white -- separate and unequal."

On March 1, 1968, in the wake of riots in Detroit and Newark, and with more riots soon to come after the assassination of Dr. Martin Luther King, that was the conclusion of the National Advisory Commission on Civil Disorders -- the Kerner Riot Commission, named after its chair, then-governor of Illinois Otto Kerner.

### **Thirty Years Later**

What has happened in the 30 years since and where do we stand now? The Kerner Commission proposed remedies to racial, spatial and economic disparity. The civil rights movement of the 1960s and early 1970s brought about improvements that helped expand an African-American middle class. It is important to recognize the achievements made possible by the civil rights movement and by individual struggles of millions of African-Americans. The African-American middle class has expanded, as has African-American entrepreneurship. The proportion of African-Americans with white-collar jobs has risen. There has been an enormous rise in the number of African-American mayors, other elected officials and police chiefs. The high school graduation rate among African-Americans is rising.

Yet in the 1970s, when technological change in the economy increased demand for high skilled and educated workers, jobs for the less skilled and educated became obsolete. The unemployed stayed behind, but more mobile middle class African-Americans left core inner city neighborhoods. Especially during the 1980s, labor market policies to provide training and jobs for the less skilled never materialized. In the words of Professor William Julius Wilson and his colleagues at the Kennedy School of Government at Harvard University (Appendix 1), "The exodus of working-and middle-class blacks from core inner-city neighborhoods enhanced the concentration effects of joblessness and poverty and removed important economic and social buffers that had softened the impact of macroeconomic changes in these vulnerable communities. During the decades of the 1970s and 1980s, conditions in inner-city ghettos went from bad to worse."

Today, while pundits and leaders talk of full employment, for the first time in the twentieth century most adults in many inner city neighborhoods are not working in a typical week. Former Labor Secretary Ray Marshall estimates the real unemployment rate at about 15 percent, far higher than the official rate. The Center for Community Change in Washington, DC estimates the "jobs gap" to be over 4,400,000 persons needing work. A high proportion are in the inner city. The consequences of high neighborhood joblessness are more devastating than those of high neighborhood poverty. When people are poor but employed they can better prevent family breakup, crime, drugs and other problems than when people are poor and jobless.

Since the Kerner Commission, there have been other important trends:

- From 1977 to 1988, the incomes of the richest 1 percent in America increased by 120 percent and the incomes of the poorest fifth in America decreased by 10 percent during a time of supply-side tax breaks for the rich and against the poor.
- In the words of conservative analyst Kevin Phillips, this meant that "the rich got richer and the poor got poorer." The working class also got poorer. The middle class stayed about the same in absolute terms, so it, too, lost ground relative to the rich.
- During the 1980s, child poverty increased by over 20 percent, with racial minorities suffering disproportionately. Today, the child poverty rate in the United States is 4 times the average of Western European countries.
- Today, the top 1 percent of Americans has more wealth than the bottom 90 percent. In terms of wealth and income, the U.S. is the most unequal industrialized country in the world, and is growing more unequal faster than any other industrialized country.
- Since the Kerner Commission, the U.S. has had the most rapid growth in wage inequality in the Western world, with racial minorities suffering disproportionality.
- America's neighborhoods and schools are resegregating. Two-thirds of African-American students and three-fourths of Hispanic students now attend predominantly minority schools -- one third of each group in intensely segregated schools.
- In urban public schools in poor neighborhoods, more than two-thirds of children fail to reach even the "basic" level of national tests.
- America's housing policy for the poor and minorities has become prison building. Over the 1980s and early 1990s, we tripled the number of prison cells at the same time we reduced housing appropriations for the poor by over 80 percent. Only 1 in 4 eligible poor families now can get housing.
- States now spend more per year on prisons than on higher education, while 10 years ago spending priorities were just the opposite.
- In the early 1990s, 1 of 4 young African-American men was in prison on probation or on parole. By the late 1990s, 1 of 3 young African-American men was in prison, on probation or on parole.

- Today, the rate of incarceration of African-American men in the U.S. is 4 times higher than the rate of incarceration of Black men in South Africa during the pre-Nelson Mandela apartheid government.
- Sentences for crack cocaine, used disproportionately by minorities, are much longer than sentences for powder cocaine, used disproportionately by whites.
- Prisons disproportionately incarcerate minorities, but prisons building has become a growth industry for whites in rural areas.
- In the most prestigious study of the impact of prison building, a panel of the National Academy of Sciences concluded that "by itself the criminal justice response to violence could accomplish no more than running in place."

### **A National Policy Based on What Works**

If the nation will not carry out a practical policy of proven investments targeted to the truly disadvantaged now, with a robust economy (for some) and a projected surplus, will we ever?

In this report, we present a 10 point national investment and opportunity policy based on what works in education, employment, economic, development, race and criminal justice. The policy also is based on the knowledge of *how* to replicate what works that we have acquired since the Kerner Commission:

1. Fully fund Head Start. Dramatic new biological and chemical research findings have demonstrated how attention to children in their earliest years determines the way their brains are wired and provides a basis for intellectual development. The CEOs on the Committee for Economic Development in New York conclude that every \$1.00 spent on preschool yields \$4.75 in benefits later on. Yet Head Start preschool presently is funded for only about one third of the poor children eligible.

2. Create a national nonprofit Corporation for Youth Investment. Naysayers assert that the effects of Head Start diminish over time. Of course. After inner city kids leave Head Start at age 5 or 6, they are back on the mean streets. Evaluations by Columbia University, the Eisenhower Foundation and others have shown that boys-and-girls-club-type safe havens after school for kids 6 to 16 work -- as logical continuations of Head Start to provide help with home work, direction by responsible adults and safe passage through adolescence in a risky society. Many nonprofit grassroots successes -- like the Dorchester Youth Collaborative in Boston, Koban Inc. in Columbia, SC and Centro Sister Isolina Ferre in San Juan - - combine paid civilian staff with police mentors, who also stabilize neighborhoods through community-based, problem- oriented policing. For

teenagers, a Brandeis University evaluation has shown that the Ford Foundation's Quantum Opportunities adult mentoring program keeps high risk high schoolers out of trouble and on track to jobs and college. The Corporation for Youth Investment should replicate such grassroots models widely, finance them with federal funds and supply technical assistance.

3. Replicate public urban school reform based on the Comer Plan and other evaluated successes. The School Development Plan created and replicated widely by Dr. James Comer, Maurice Falk Professor of Child Psychiatry at Yale University, and other reforms, documented comprehensively in the recent book *Safe Passages* by independent researcher Joy Dryfoos, show we need to:

- Focus on acquiring a core of common knowledge and skills through restructured academic programs.
- Place policy determination for each inner city school directly in the hands of a management team led by the principal, teachers and parents.
- Increase dramatically involvement of and assistance to inner city parents.
- Provide focused intervention by a mental health team for children with problems.
- Create safe environments during the day and supportive nonprofit safe havens after school.
- Create full service community schools where nonprofit organizations are located in the building to provide health, family, community, cultural and recreational initiatives and to insure security.
- Reduce classroom size.

Good illustrations of schools with these principles are the El Puente Academy and the Salome Arena Middle Academy, both in New York City. To replicate such models, we need to establish a quasi-governmental Safe Passage Commission, as recommended by Joy Dryfoos, that will target federal funds and matches to schools and nonprofit organization partners in high poverty inner city neighborhoods.

4. Create a national nonprofit Corporation for Employment and Development. The new Corporation will merge urban federal job training, job creation and economic development funds appropriate for the truly disadvantaged -- and then co-target them to inner city neighborhoods of deepest poverty. The goal should be to create over 2,500,000 private and public jobs for the truly disadvantaged and to achieve full employment in inner city neighborhoods. Presently, there is little real federal coordination. National nonprofit models like the Argus Learning for

Living Community, Center for Community Change, Enterprise Foundation, Local Initiatives Support Corporation and Opportunities Industrialization Centers of America should help plan the new Corporation for Employment and Development -- which should be held accountable by the federal agencies that will have their funds pass through and be merged by the Corporation.

5. Replace the failed, supply-side Job Training Partnership Act (JTPA) with a new job training system based on the model nonprofit Argus Learning for Living Community, which is located in the South Bronx and already has been successfully replicated. JTPA is up for reauthorization by Congress. One reason JTPA failed for out-of-school youth was little training before placement. Current welfare reform, with its "work first" requirement that prevents training before an inexperienced person starts work, is *deja vu* all over again. Argus succeeds through training *first* -- remedial education, corporate etiquette training, life skills training, conflict resolution training and job-specific training in a strictly drug and violence free environment -- for jobs in demand and with upward mobility, not dead-ended employment.

6. Spur *private* inner city jobs for Argus-trained persons with a new National Community Development Bank modeled after the successful South Shore Bank in Chicago, which already has been successfully replicated. The new national Bank will capitalize local community development banks and businesses in inner city neighborhoods. It will be a strong voice locally to make poverty reduction through job creation the number one goal of local economic development projects. (A National League of Cities survey shows that only 10 percent of local elected officials say poverty reduction currently is among their top 3 economic development goals.) The Bank will encourage strategies that target specific industrial sectors for growth and jobs for the truly disadvantaged -- as does the model Target Industries and Employment Program of Portland, Oregon.

7. Create *public* jobs for Argus-trained persons that acknowledge how U.S. investment in public infrastructure now is 36 percent of its 1970s levels and trails all industrialized countries. A good model here is YouthBuild USA, which trains and places out-of-school youth in housing repair and construction. Besides housing and infrastructure work, other publicly financed jobs will employ the truly disadvantaged as child care workers, drivers in van pools to get inner city residents to work, teacher aids in inner city schools, drug abuse counselors, support staff in housing shelters and 911 operators. Such public jobs recognize the failure of supply-side enterprise zones to create private jobs through tax breaks to corporations -- for example, in South Central Los Angeles, where the unemployment rate for young men is over 30 percent, 6 years after the Rodney King riot. Publications like *Business Week* and the *Economist* have confirmed the failure of enterprise zones, as have U.S. General Accounting Office and Urban Institute evaluations.



Supportive macroeconomic policy should include a realistic view of the limits of economic growth; a fiscal policy that separates long-term investments from short term operating expenses; a monetary policy that gives first priority to full employment for the poor, working class and middle class; and a trade policy that raises labor and human rights standards.

8. Replicate more widely school desegregation that works (like the model St. Louis public school experience) and housing desegregation that works (like the model Gatreaux program begun in Chicago). Renew affirmative action -- to help continue expand the middle class for minorities. Encourage the President's initiative on race to identify and fund replications of proven grassroots models that enhance racial understanding and tolerance. Recognize that funding a commitment to full employment in the inner city and Comer-led quality urban public school reform also are big first steps in closing the racial and class breaches that help define the new millennium.

9. Reorder the budget in the "war on drugs," which has not been won, from 70 percent enforcement and 30 percent prevention and treatment to 50/50. This will allow expansion of model "community drug courts" and model community treatment successes, like La Bodega de la Familia in New York, for all in need. Eliminate the racially-biased disparity between crack and powder cocaine by reducing excessively long sentences for crack-related offenses. Establish a new national Drug Sentencing and Treatment Commission for this purpose.

10. Recognize that only the federal government potentially has the resources to replicate what works "at a scale equal to the dimensions of the problem," to quote the Kerner Commission. But target federal funds and private match funds as much as possible to *private nonprofit* organizations for actual day-to-day implementation -- organizations like the model New Community Corporation run in Newark's central ward by MacArthur Foundation genius award winner Father William Linder, as well as to for-profit organizations that care, like the model Telesis Corporation that turned around the Paradise-at-Parkside drug market community in Washington, D.C.'s Anacostia.

*Unlike what naysayers assert, adequate funding of paid full time staff does make a difference, based on scientific evidence -- if it is targeted on what works and is well managed.* This was all too apparent in recent Eisenhower Foundation inner city safe haven replications, where serious crime dropped by an average of 18 percent in neighborhoods in 4 cities during full funding but dropped by just 3 percent in the last year, when federal belt tightening drastically reduced local budgets and forced excessive reliance on volunteerism (a concept, like "empowerment," has been oversold by disinvestors from the inner city).

### **Budget Reordering**

These comprehensive, interdependent, scientifically evaluated, street smart solutions can easily be accommodated financially by reordering a very small percentage of the \$1.7T federal budget. The investments and their budgets are summarized in Table 1. To finance the investments, we need to transfer funding from what doesn't work, like prison building and JTPA. We also need to reduce corporate welfare -- the over \$100B per year that taxpayers give to corporations in subsidies and tax breaks. Most of this corporate welfare is unproductive for the economy, as the Center for Community Change in Washington, DC shows in a new report -- which documents, for example, that \$735M in taxpayer-financed subsidies were given to the 10 corporations responsible for the most job layoffs in recent years.

**Table 1**  
**Summary of Federal Investments Proposed**

<b><u>Investment</u></b>	<b><u>Cost Per Year</u></b>
Head Start for all Eligible	\$7B
Replication of Comer, Carnegie <i>Turning Points</i> , Dryfoos Full Service Community School, New Vision, and Project Prepare Models in Urban Public School Systems.	\$15B
Corporation for Youth Investment To Replicate After School Safe Haven/Ministation Prevention Models and Quantum Opportunities Prevention Models.	\$1B
Job Training and Placement Reform Modeled After the Principles of Argus.	\$4.5B
National Community Development Bank Modeled After the South Shore Bank.	\$1B
Targeted Housing and Urban Infrastructure Development Designed to Generate Up to 250,000 Public Construction and Rehabilitation Jobs for the Truly Disadvantaged.	\$5B
Targeted Public Service Employment in Day Care, Transportation Services, Urban School Staff Support, and Nonprofit Community Organization Support -- Designed to Generate 1,000,000 Jobs.	\$20B
Replication of School Desegregation and Housing Desegregation Models That Work. Upgraded Civil Rights and Affirmative Action Enforcement. Replication of Presidential Race Initiative Models That Work. Creation of An On-Line Data Base of Facts and Solutions.	\$.1B
Replication of Successful Drug Treatment and Reintegration Programs. Replication of Community Courts. Implementation of Sentencing and Drug Treatment Commission Recommendations.	\$2.4B
<b>TOTAL</b>	<b>\$56B</b>

As former Secretary of Labor Robert B. Reich concludes after reading a list of existing corporate welfare published by one nonprofit organization:

The list contains all sorts of breathlessly ridiculous items, like \$2B a year going to oil, gas, and mining companies for no reason whatsoever, \$4B a year to pharmaceutical companies that create offices in Puerto Rico, \$400M to Christmas-tree growers, windmill makers, and shipbuilders, and \$500M a year to corn-based-ethanol refiners.

Also on the list is the \$2B-a-year tax break for life insurance companies, \$900M for timber companies, \$700M for the dairy industry, and \$100M a year to companies like Sunkist, Gallo, M&M, McDonald's, and Campbell Soup to advertise abroad. On top of that are billions of dollars of special breaks for multinationals that make their products outside the United States. Some well-connected companies like Archer-Daniel-Midland (ADM, a giant Midwestern corn processor) triple-dip: ADM benefits from a sugar program that bars imports and sets sugar prices higher than world levels (so ADM can sell its high-cost sugar substitute), a tax break for corn-based ethanol, and the direct subsidy to ethanol refiners. Taxpayers and consumers pay dearly for the welfare flowing to this single company.

And that's just the beginning: If TV networks had to bid for extra space on the broadcast spectrum instead of getting it free, they'd pay \$4B a year. If private corporate jets had to pay landing fees at airports as commercial jets have to do, they'd pay \$200M a year. If wealthy ranchers had to pay the full cost of grazing their cattle on public lands, they'd pony up \$55 million a year. If corporations couldn't deduct the costs of entertaining their clients -- skyboxes at sports arenas, theater and concerts, golf resorts -- they'd pay \$2B more each year in taxes.

Imagine if even a portion of this money could be used instead for education, job training, and helping the poor and near-poor get the jobs they need.

To finance the proposed investments summarized in Table 1, the pending tobacco settlement and any future budget surpluses should contribute, as well.

### **Campaign Finance Reform and Communicating What Works**

Yet, without real campaign finance reform and a movement to communicate to the average American that we know what works, only limited progress is possible. Today the economic system runs the political system. We have "one dollar, one vote," not "one person, one vote."

In many ways, Clean Money Campaign Reform, as pioneered in Maine, is the reform that makes all the other reforms possible. Campaign finance reform does

not guarantee replication of what works to scale. But it may level the political playing field to allow campaigns to be based more on issues than on money. Here is where a grassroots communicating what works movement is essential. The political feasibility of replicating what works to scale depends in part, we believe, on grassroots nonprofit inner city organizations and national nonprofit organizations partnering with a newly resurgent organized labor -- to communicate to the public and decision makers that we know what works, and how to replicate it.

Central to such a communicating what works movement must be an effort to reduce the profit-based "if it bleeds it leads" content of local television news. This local television news violence and demonization of minority young men results in a "mean world syndrome" -- in which middle class voters tend to believe, quite mistakenly, that nothing is possible for the truly disadvantaged but expensive, failed policies like supply-side economics and prison building.

### **Public Support**

Considerable support for the investment priorities proposed here can be found from public opinion polls over the last 10 years. For example, national surveys conducted from 1988 to 1994 by the National Opinion Research Center at the University of Chicago show that a substantial majority of Americans want to see more money spent on improving the nation's educational system and reducing crime and drug addiction.

In 1992, immediately 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 stated that too little was being spent on urban problems, 61 percent said that too little was being spent on improving the condition of African-Americans, and 64 percent said that too little was being spent on problems of the poor. The pollsters also asked, "To reduce racial tension and prevent riots, would more jobs and job training help a lot, help a little or not make much difference?" Seventy-eight percent of the respondents said that more jobs and job training would help a lot.

Complementary findings come from a national poll of voters in 1996 sponsored by the Children's Partnership, the American Academy of Pediatrics, the Coalition for America's Children, Kids Campaigns, the National Association of Children's Hospitals and the National Parent Teacher Association. Seventy-six percent of the voters polled were more likely to vote for a candidate who supported increased spending for children's programs. Sixty-five percent favored proposals for children and families, even if it meant slowing down deficit reduction. Sixty-four percent believed government should play a large role in solving problems facing children. Sixty-two percent supported children's issues even if it meant raising their taxes by \$100 a year. Sixty-two percent would oppose a balanced budget

amendment if it required cuts in children's programs. Framing the issue in terms of children was pioneered by Marian Wright Edelman, who has described how the Children's Defense Fund was formed "because we recognized that support for whatever was labeled black and poor was shrinking, and that new ways had to be found to articulate and respond to the continuing problems of poverty and race, ways that appealed to the self-interest as well as the conscience of the American people."

In 1998, in the first national sampling of attitudes on surpluses since a federal FY 1999 budget surplus was projected, a *USA Today*/CNN/Gallup Poll found that the biggest group of respondents, 43 percent, called for using any extra money to invest in Social Security, Medicare and education. (Thirty percent backed paying down the debt and 22 percent favored tax cuts.)

### **A New Alliance**

In spite of such illustrations, the political will presently does not exist at the federal level to carry out our budget priorities as we enter the new millennium. How can we create the political will?

We need a new political alliance with a broad constituency. The heart of our policy, investing in education and employment to provide opportunity, needs to embrace not only the truly disadvantaged but also the working class and the middle class. The alliance should include persons in core cities and older suburbs who presently are forming common fronts in places like Minneapolis/St. Paul and Cleveland against losing resources to the new exurbs. The goal of a new alliance should be to recapture some of the national mood after World War II, when Americans sought a more inclusive, equitable society in which everyone had a fair chance of making it.

To update this post-World War II feeling for the next millennium, what "story," or message, might help coalesce a new political alliance? We need words around which to rally a more inclusive constituency. The words might include some of the following. You, the average citizen, are not alone in your search for a safe niche in the I-win-you-lose world. The economy can do better for you. The very rich have profited at the expense of the families of salaried and working people of America. It is not fair for the rich to get richer at the expense of the rest of us. Power has shifted so significantly toward those at the top of the income and wealth pyramid that the majority of Americans who are struggling must mobilize themselves to force the rich and the elites back to the bargaining table. We must close the income, wage and job gaps. The way to do this is to invest in education, training and retraining so that Americans have the opportunity for jobs, and for better jobs. Among the middle class, working class and the truly disadvantaged, and among different racial and ethnic groups, this policy can be win-win. None of these groups needs to gain at the expense of the others. We can succeed with a full employment policy that eliminates the economic marginality of the poor and

at the same time reduces the anxiety of the working and middle classes. Citizens deserve a higher quality of American life. We must invest in the human capital of our citizens, so all can deal successfully with technological change and the global economy. The role of the federal government must be to make investments that better serve the interests of the salaried and working classes, along with the poor.

This rallying message also should include basic rights of fair play for the new millennium. You, the average citizen have:\*

- A right to education, training and a job that pays a livable wage -- and an obligation to work;
- A right to government investments based on what works -- and an obligation to support government leadership where the private market fails.
- A right to share in the social wealth left to you by those who have gone before -- and an obligation to invest in a sustainable future for the next generation;
- A right to profit from a business -- and an obligation to support the community in which it operates;
- A right to bargain collectively -- and an obligation to cooperate in the creation of more productive workplaces;
- A right to protection against certain risks (unemployment, sickness, an impoverished old age) -- and an obligation to contribute to the pooling of those risks in social insurance.
- A right to consume the products of the global economy -- and an obligation to insist that they be produced in a way that does not violate the human rights of other workers.

Does this story -- this message -- have sufficient appeal to sufficient numbers of Americans? We believe that the potential exists. The majority of Americans seem to know that they are not necessarily winners in today's economy. For example, a 1996 *New York Times* poll reported that the share of the electorate that identifies itself as "working class" now outnumbers those who consider themselves "middle class" -- 55 percent to 36 percent. If to this 55 percent we add those who identify themselves as "poor," the total becomes 61 percent of the electorate. National polls also show that, despite their better education, young people surveyed often say they expect to do worse than their parents.

### **Common Policy Ground**

In terms of policy, the common ground among the poor, working class and middle class can be job training and retraining -- to make all more productive. For example, building and repairing low tech urban infrastructure (like roads and buildings) can generate jobs both for the truly disadvantaged and for working class family breadwinners. New high tech industries for which working and middle class persons can be trained and retrained include, for example, computer smart urban transit systems, high speed and magnetic levitation trains, fiber optics, telecommunications, computer networking, electronic digital imaging, ceramics, advanced composites, sensors, photonics, artificial intelligence, robotics, computer-aided manufacturing, biotechnology, and research and development to find the cure for cancer, Parkinson's disease, AIDS, other serious diseases and the common cold. Other examples include research and development to allow a shift to renewable energy and research and development to reduce environmental deterioration and pollution.

### **Leadership**

The most that we can expect for now is that grassroots, and perhaps city-wide and state-wide versions of the funding priorities, what works agenda and class alliances recommended here will emerge with greater frequency, gaining strength and local momentum from one another. We can work toward a kind of synergy -- where, for example, communicating what works encourages class alliances, which create more pressure for campaign finance reform, which allows a fairer debate on what works, which leads to even more effective communication.

The people need to pressure the leaders to lead, or get new ones. Our proposed budget will not be approved at the federal level at this 30 year mark after the Kerner Commission, but perhaps the political will and leadership can emerge by the 40 or 50 year mark. To repair the millennium breach and fulfill the legacy of the Kerner Commission, we need Franklin Roosevelt's commitment to effective government and Teddy Roosevelt's boldness in establishing the limits of greed.

# 1. Thirty Years Later

The thirtieth anniversary of the historic March 1, 1968, Report of the National Advisory Commission on Civil Disorders (called the Kerner Commission, after its chairman) offers a good time for America to take stock.

Where are we, today, 30 years later, in regard to the intertwined problems with which the Kerner Commission dealt—race, poverty, and the inner cities? Let us, first, briefly remind ourselves about the contents of the original Kerner Report and the terrible conditions which preceded it.

Beginning after World War II, there had been a massive and accelerating influx of African Americans into the nation's cities, as they sought to escape the wretched poverty and brutal degradation of the rural and small-town South. They moved to places like Detroit and Newark on word-of-mouth rumors of jobs that too often proved to be mere vapors. Racial segregation was as rigid in the North as what they had known in the South. Three and 4 families rented rooms in old single-family houses in what soon became African-American sections of the inner cities. Housing projects were packed. And still African-Americans came, looking for work—just when many of the better manufacturing jobs were beginning to disappear altogether or were being moved to the white suburbs.

African-American frustrations rose, but so did expectations — especially as a result of civil-rights activism and laws and some of the public sector antipoverty of the 1960s. Clearly, the combination was explosive. As Alexis de Toqueville wrote: “Evils which are patiently endured when they seem inevitable become intolerable when once the idea of escape from them is suggested.”

Consider Newark in 1967. Between 1960 and 1966, Newark had changed from 65 percent white to 62 percent nonwhite, as African-Americans moved in and whites moved out. Still, there were only 2 African-American members on Newark's 7 member city council, and the white mayor, over African-American objections, had just appointed a white secretary of the school board. Central-city housing was rundown and deteriorating, neighborhoods dismal. The official African-American unemployment rate was 12 percent. Forty percent of African-American children lived in single-parent homes. Newark's schools, where student enrollment had grown by a third since the late 1950s and where much less was spent per child than in the white suburbs, had a dropout rate of 33 percent; about half of all African-Americans from 16 to 19 years old were not in school. The city had the highest crime rate in the country.

The situation in Detroit was no better. Its African-American population had grown by 40 percent in the 6 years prior to 1967. Detroit schools, up 60,000 in enrollments during the same period, were 57 percent African-American and would have required 1,700 more teachers and 1,000 more classrooms just to come up to average state standards. The dropout rate in Detroit schools was 50 percent.



Surrounding suburban schools were annually spending \$500 more per student. In Detroit's African-American Twelfth Street area, where 21,000 people were crowded into each square mile (twice Detroit's average), more than a fourth of the apartment buildings were so rundown as to require demolition, and another 20 percent were below livable standards.

During the summer of 1966, a year after the riots in the Watts section of Los Angeles, urban disorders occurred in 20 communities — the largest in Chicago, San Francisco, and the Hough section of Cleveland. But these disorders were small indeed compared to the terrible explosions that came during the next “long hot summer” of 1967 — the worst of these being in Newark and Detroit.

Seemingly random sparks ignited African-American frustrations in Newark. The all-white police force, there, just as all around America, became the focus for African-American hostilities toward an unresponsive system. Indeed, the police were about the only part of the system with which many Newark African-Americans had any contact.

On a hot July night in 1967, a Newark police car stopped a taxi driven by an African-American man whose license had been revoked. The man, one John Smith, was taken to the Fourth Street Precinct station, where a number of local African-Americans watched out front as he was dragged and carried, unable or unwilling to walk, from the police car and into the precinct house. Reports and rumors spread. A hostile crowd gathered. Police reinforcements arrived. Tensions increased. Two African-American mediators tried unsuccessfully to calm and disperse the crowd. Suddenly, a Molotov cocktail crashed against the station wall. The police scattered the crowd, and quiet returned for a time.

Not for long. The next day, the mayor agreed to an investigation of Smith's arrest and treatment, declaring it “an isolated incident.” An African-American “Police Brutality Rally” in front of the precinct station got out of hand after the rumor spread that Smith had died. Young African-Americans began roaming the streets, breaking windows. This disorder grew rapidly. Looting, burning, and damage to property mounted. There were reports of gunshots.

Local law-enforcement officials soon were joined by state police and the New Jersey National Guard. Untrained and not knowing what to do, these often-frightened young men frequently fired their weapons indiscriminately. Before it was all over, 25 people were dead in Newark, 21 of them innocent civilians (including, for example, the eleven-year-old African-American youngster who carried out the garbage from his apartment and died from a gunshot as his mother watched from a window, and the African-American woman who died at her project window, killed by National Guard fire). Six of the civilian dead were women. Several were children. Damage to property was estimated at \$10.2M, primarily in lost merchandise. Damage to buildings and fixtures alone was estimated at \$2M.

A little over a week later, Detroit's time was up. The police raided a "blind pig," an illegal after-hours drinking joint at the corner of Twelfth Street and Clairmont. They had expected to find 10 to 20 people. Instead, they arrested 82 and herded them down to the street to wait for more patrol wagons. A crowd of about 200 local African-Americans gathered very rapidly, and their initial good humor quickly changed to anger. A bottle was thrown against a police-car window. The riot began. False rumors spread about the arresting methods used by the police officers. By the next morning, the crowd numbered in the thousands. Looting, window-breaking, and burning were widespread. The state police were called in, then the National Guard — and finally, on President Lyndon B. Johnson's orders, federal troops.

Thirty-three African-Americans and 10 whites were killed in the Detroit riot. Seventeen of these were looters (including 2 white men). Two of the deaths resulted from a fallen power line. Seventeen of the dead were killed by accidental gunshots or were murdered. Two persons were burned to death. One police officer was killed accidentally by another officer while he was scuffling with a looter. One white man was killed by a looter. The injured numbered 279, including 85 police officers. Damage estimates ranged up to \$45M. Nearly 700 buildings were burned, 412 of them being total destroyed. Over 7,000 people were arrested.

There were riots that summer, too, in Atlanta, Buffalo, Cambridge (Maryland), Cincinnati, Grand Rapids, Milwaukee, Minneapolis, Tampa, and Plainfield (New Jersey). Twenty-eight other cities had serious disorders, lasting 1 to 2 days, and 92 cities had smaller outbreaks. In all, this violence brought death to 84 people, injuries to several hundred more, and property damage between \$75M and \$100M.

In the aftermath of this widespread inner-city violence, and while cities were still smoldering, President Johnson urgently assembled a blue-ribbon citizen commission and charged it with finding the causes and recommending the prevention of such urban disorders.

"Let your search be free," President Johnson told Kerner Commission members when he announced their appointment at the end of July 1967. "As best you can," he said, "find the truth, the whole truth, and express it in your report."

The "whole truth" that the President demanded was to be comprised of definitive answers to 3 basic questions that he posed to the new Commission: What happened? Why did it happen? What can be done to prevent it from happening again and again?

### **What Happened?**

President Johnson, like a lot of people at the time, thought that there had been some conspiracy, some organization, behind the riots. The Kerner Commission

soon knew that was not true. “The urban disorders of the summer of 1967 were not caused by, nor were they the consequence of, any organized plan or conspiracy,” the Kerner Report boldly stated. Instead, the Commission found, hostility levels were so high in all of America’s cities that almost anything could have set them off.

### **why did it happen?**

At first, the Kerner Commission had thought that it should make 2 reports: a quick one, before the next summer’s “riot season” began, that would deal only with short-range solutions for preventing and quelling riots; and a later, deeper, final report that would deal with long-range solutions to the underlying racial and economic problems. But the Commission soon realized that there were no short-range solutions. The causes of the riots were too deep and serious for that. They grew out of racism and economic deprivation, and the Commission said so: “Segregation and poverty have created in the racial ghettos a destructive environment totally unknown to most white Americans.” The Kerner Commission stated further, in its eventually most quoted finding: “Our nation is moving toward two societies, one black, one white — separate and unequal.”

### **What Can Be Done to Prevent It From Happening Again?**

By the time Kerner Commission members, in their deliberations, turned their attention to the last of the 3 questions put to them by President Johnson, they knew that the bold and truthful answers that they had earlier agreed upon for the first 2 questions locked them into an inevitable answer to the third: an urgent and massive national commitment against racism, unemployment, and poverty was required. The Commission stated: “It is time to make good the promises of American democracy to all its citizens—urban and rural, white and black, Spanish-surname, American Indian and every minority group.”

The Kerner Report then called for specific, great, and sustained federal efforts for new jobs, for improved education and training, for adequate housing, for livable income support, and for vigorous civil-rights enforcement.

During most of the decade which followed the issuance of the Kerner Report, America made progress on the principal fronts that the Report had dealt with—race, poverty, and the inner cities. Then, that progress stopped and, in some ways, went into reverse.

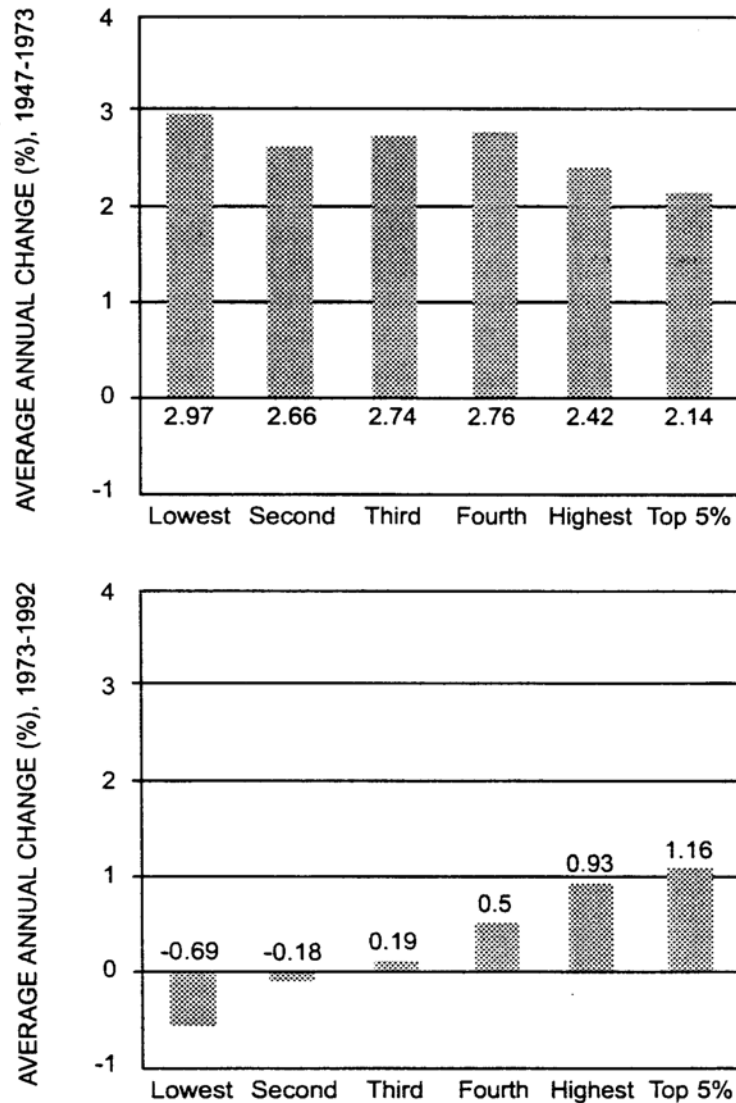
As we approach the new millennium, what has caused America’s halt and retreat on race and poverty? First, there were a series of economic shocks and trends that had a very depressing impact. And, secondly, government action and inaction bore some of the blame.

### **Economic Shocks and Trends**

As Figure 1-1 shows, the poor were becoming less poor in relative and absolute terms between 1947 and 1973. But after 1973 the poor began losing ground.

**FIGURE 1-1**

**FAMILY INCOME IN THE UNITED STATES, 1947-1992**



Source: Wilson (1996). Adapted from Bronfenbrenner et al. (1996). The 1947 figures are from *The Statistical History of the United States, Colonial Times to 1970*. The 1969 and 1992 figures are from the Bureau of the Census, *Income of Families and Persons in the United States, 1990*. Figures are adjusted for inflation based on constant 1992 dollars.

The nation suffered a series of bad economic recessions — most often precipitated or accentuated by tight monetary policy and high interest rates. One of these recessions, for example, during the first part of the Reagan administration, was the nation's worst economic crisis since the Great Depression,

and another, during the last of the Bush years, was especially persistent and of considerable lasting effect. Over time, too, economic growth rates, which had been quite high during the 1950s and 1960s, leveled off some.

One serious effect of the recurring recessions and the somewhat slowed economic growth, compared to the two postwar decades, was a kind of Jekyll and Hyde economy. Economic recoveries, including the particularly long and robust one after 1991, were markedly uneven in their effect on Americans of different economic levels; wages stagnated, and, after each recession, middle- and lower-income families never fully regained the ground they'd earlier lost.

Better-paid blue-collar manufacturing jobs for lesser-skilled workers dwindled or vanished. Some of these jobs moved away from the inner cities to the suburbs or to other countries. Other jobs disappeared altogether as a result of new technological developments and greater use of computers, as well as enormously heightened global competition. The new domestic jobs that were created were largely either low-paying service jobs or jobs, often in the hard-to-get-to suburbs, that required a high level of skills and education. A strikingly widening gap began increasingly to separate the average wages of high school graduates and those of college graduates.

Unions were weakened. Unionization declined, as union membership fell from 21 percent of the workforce in 1975 to 14 percent by 1996.

The net result of these economic shocks and trends was that a growing number of American working families fell into poverty, and a lot of already poor Americans became deeply poor.

### **Government Action and Inaction**

Particularly with the advent of the Reagan administration, public policy took on a decidedly anti-government and anti-public sector cast. There was public disinvestment. As Gary Burtless has written:

*The trend toward increased public generosity to the poor came to an abrupt halt at the end of the 1970s. Although total outlays continued to mount, almost all of the increase was due to rising poverty. None was due to more generous government provision for the low-income population. Many programs, including the main cash assistance program for indigent children, were severely curtailed. Despite increased outlays, spending per poor person did not rise.*

For the typical family of 3 with no other income, welfare benefits, when adjusted for inflation, fell an average of 40 percent between 1975 and 1996 (even prior to full implementation of new federal welfare-reform laws).

Job and training programs suffered, too. In 1980, the federal government was spending \$9.3B (in constant 1986 dollars) for such programs, but by 1986, for example, that figure had fallen to \$3.7B. During the last 20 years, public investment in education and training, infrastructure, and research and development has fallen by half.

By the late 1980s and early 1990s, some of these governmental trends had begun to change. But they were not halted altogether. As former Secretary of Labor Robert Reich has written about 1993 to 1997:

*Over 5 years, the national debate shifted, and it shriveled. At first the central question was: Shall we invest in our future — including providing universal health care — by raising taxes or by borrowing (or by what combination)? The question quickly became: Shall we invest in our future or shall we balance the budget (or what combination)? And then: Shall we balance the budget in 10 years or by 2002? Then: Shall we balance the budget by 2002 and also cut taxes? Then: Shall we cut taxes equitably or will most of the tax cuts go to the wealthy? At each step, the frame got smaller, the options less relevant, and the broad public less interested in the outcome.*

Similarly, Jeff Faux, Director of the Economic Policy Institute, has pointed out:

*As a share of GDP, public investment in education and training (including the effect of the 1997 tax cuts for education) is 40 percent less than it was during the decade of the 1970s. For example, after 3 decades, the Head Start program serves only 1 in 3 eligible children. As a result of the 1997 budget agreement, the human investment share will drop another 20 percent by 2007. Investment in infrastructure — roads, schools, water systems — is 36 percent of its 1970s level and on our current budget trajectory will drop another 37 percent.*

Nor has the minimum wage set by the federal government kept pace with inflation. It is now \$5.15 an hour. Adjusted for inflation, that is still 18 percent below its average value during the late 1970s.

There is more poverty in America today than there was thirty years ago — both in actual numbers and as a percentage of our total population. In 1968, around 1 in 8 Americans were living in poverty — 25.4M total, 12.8 percent of the population. Today, around 1 in 7 is — 36.5M Americans, 13.7 percent of our people.

*This is true despite an overall national unemployment rate that has dropped below 5 percent and an economy that has continued to recover and grow since 1991.*

Median family income grew in 1996 by about 1 percent over the preceding year (to \$35,500 a year). But the living standard for the average family was still below what it was in 1989, just prior to the last recession. And the small 1996 median family-income increase was actually the result of the fact that women were earning more, offsetting an actual drop in median earnings for full-time male workers.

Child poverty is greater, now, than it was 30 years ago. The rate of child poverty grew by over a fifth in the decade of the 1980s. Even with some improvement in the most recent years, 1 in every 5 children in America — 20.5 percent of all children — is still living in poverty. *That is four times the average child poverty rate of Western European countries.*

Inequality of income is quite stark in America. Robert Reich has pointed out that, while during most of the 1970s the income of the poorest fifth of Americans grew faster than the richest fifth, that income relationship changed dramatically after 1980. From that year up to 1995, inflation-adjusted earnings of the top one-fifth went up 10.7 percent at the same time that median worker's wages fell 3.6 percent and wages of workers in the lowest brackets declined by 9.6 percent. In 1995, the wealthiest one percent of Americans (2.5M people) enjoyed nearly as much after-tax income as the entire lower 40 percent (about 100M people), and the top 20 percent as much as the bottom 80 percent combined.

These widening-income trends continued through 1996. U.S. Census reports showed that the upper one-fifth of Americans saw their aggregate income share steadily increase from 1967 to 1996, while the aggregate income shares of the fourth, third, second, and lowest fifths fell.

Poor people are poorer than they were 30 years ago. In 1994, half of the poor children in America under the age of six lived in families whose incomes amounted to only one-half or less of poverty-line income, an indicator of deep poverty that had doubled in the preceding 20 years. This deepening poverty trend continued, and by the end of 1996, 14.4M Americans had incomes less than half their poverty threshold, up from 13.9M the preceding year.

Growing up in poverty has grave consequences for America's children — and for America. Greg J. Duncan and Jeanne Brooks-Gunn have shown that childhood development often is seriously impaired for poor children. Early-years poverty is closely associated with the diminution of a child's achievement and cognitive and verbal skills and substantially reduces the chances the child will finish high school. These deleterious effects are especially pronounced for the poorest children and for those who grow up in neighborhoods of concentrated poverty.

Today, poverty is more concentrated in the inner cities, where so many African Americans and Hispanic Americans live, than ever before.

Thirty years ago, only about a half of all America's poor people lived in metropolitan areas. Today, over 77 percent do. Then, 30 percent of all poor people lived in the central city; now 42 percent do.

Many of America's central cities have been losing population, as new jobs have moved to, or have been created in, the suburbs and middle class residents (including a good many African-Americans) have moved out. In 77 large metropolitan areas during the first 3 years of the 1990s, for example, 97 percent of the new businesses created and 87 percent of new entry-level jobs were located in the suburbs.

Consider Detroit, one of the 2 hardest-hit riot cities in the late of 1960s. Thirty years later, it is smaller, blacker, and poorer. In 1968, 1.6M people lived in Detroit, one-third of them African-American; by the 1990 census, Detroit was down to 992,000 people, and 76 percent of them were African-American. The median family income in Detroit is three-fifths that of the national median, and 1 in 3 residents there lives in poverty, compared to 1 in 13 in the city's suburbs. Representative John Conyers (D., Mich.), who has served in Congress since 1965, has made the following observations about present conditions in the city:

*We still have a huge inner-city problem in Detroit — of housing, homelessness, joblessness, an incredibly decrepit education system, high crime rates, drug abuse, welfare dependency, teen-age pregnancy. All the statistics may have gotten worse in the last 30 years.*

Thirty years ago, at the time of the Kerner Report, federal desegregation and affirmative action efforts were already well underway. And in the ensuing years, these efforts had enormous and beneficial effect. Educational outcomes were much better for children attending socioeconomically integrated schools. African-Americans (and Hispanics and other minorities and women, too) entered the professional schools or went into business, and many joined the middle class. The number of African-American parents with college degrees quadrupled. And contrary to the claims of some critics, affirmative action didn't just help the middle class; occupations and trades—such as law enforcement, firefighting, over-the-road trucking, and skilled construction work — were opened up, too.

Then, with the advent of the 12 Reagan-Bush years, in 1981, progress on ending racial discrimination slowed. An assault was launched on affirmative action, both in the executive branch and in the Supreme Court (to which Reagan appointed conservative William Rehnquist as Chief Justice, for example, and Bush appointed conservative Clarence Thomas to replace the late Thurgood Marshall). By the 1990's opposition to affirmative action had spread to the U.S. Congress and to a number of the states, as well.

Official hostility to affirmative action and civil rights laws had tragic consequences. For example, in California, where affirmative action was



abandoned, University of California's law schools saw a 1 year (from 1996 to 1997) drop of 63 percent in new African-American students (from 43 to 16), a 60 percent drop in new American Indian students (from 10 to 4), and a 34 percent drop in new Hispanic students (from 89 to 59). The University's 5 business schools saw similar decreases in new minority students: a 26 percent drop in African-American students (from 27 to 20) and a 54 percent drop in Hispanic students (from 54 to 25), with American Indian new enrollments remaining the same (at 3).

With attacks on affirmative action, wage discrimination against African-Americans increased. Studies show that many employers still base hiring decisions on racial stereotypes, preferring white hires over African-American or Hispanic applicants, Hispanics over African-Americans, African-American women over African American men, and young African-American men least of all.

While overall unemployment is 4.7 percent of America's workforce, the figure is more than twice that, 9.9 percent, for African-Americans; for white teens, unemployment stands at 11.2 percent, while for African-American teens it is more than 3 times higher. Despite some recent improvement, median African-American family income is still only 56.2 percent, and that of Hispanic families only 55.6 percent, of median family income for non-Hispanic whites. About 30 percent of Hispanic families and 28.4 percent of African-American families live below the poverty line, rates that are nearly 3 times those for non-Hispanic whites. Despite some narrowing of the gap, the median net worth of non-Hispanic white families is still 4.5 times that for African-American and Hispanic families.

America is resegregating. Income levels of residents explain only a small fraction of America's present segregation in housing. Instead, studies show that, despite open housing laws, massive discrimination against African-Americans and Hispanics still exists in housing and home finance markets, subsidized housing has been openly segregated and excluded from middle class suburban areas, and housing subsidies have often helped resegregate integrated neighborhoods.

America's schools are resegregating. Two-thirds of African American students and three-fourths of Hispanic students now attend predominantly minority schools—one-third of each group in intensely segregated schools.

Government has abandoned the policy goal of school desegregation — to the degree that some experts have termed this development a “quiet reversal of *Brown v. Board of Education*.” Polls in recent years show that a majority of Americans think that African-Americans are as well off or better off than whites, insofar as education is concerned. That is not true. After noting that intensely segregated minority schools are 16 times as likely as non-segregated schools to serve areas of concentrated poverty (more than 50 percent poor), Professor Gary Orfield at Harvard University points out that, to a considerable extent,

“concentrated school poverty is a problem affecting minority students only,” and adds:

*Schools with large numbers of impoverished students tend to have much lower test scores, higher dropout rates, fewer students in demanding classes, less well-prepared teachers, and a low percentage of students who will eventually finish college.... Segregated schools are unequal not because of anything inherent in race but because they reflect the long-term corrosive impact on neighborhoods and families from a long history of racial discrimination in many aspects of life. If those inequalities and the stereotypes associated with them did not exist, desegregation would have little consequence.*

As Gary Sandefur, Molly Martin, and Thomas Wells have pointed out, while there is still much poverty outside America’s metropolitan areas and central cities, what is most distinctive about today’s central-city poverty is the geographical concentration of large numbers of African- American and Hispanic poor people. Work has disappeared in the central city, ghettos have proliferated, and poverty has become more densely massed. Professor Paul A. Jargowsky at Harvard University’s Kennedy School has found that this “ghetto problem has gotten dramatically worse,” adding:

*High-poverty areas in central cities have expanded rapidly; more of the overall black population resides in such neighborhoods; and the black poor are increasingly concentrated within them and isolated from the social and economic mainstream.... For blacks, therefore, neighborhood poverty, goes hand in hand with segregation.... The combination of population growth, increasing metropolitanization, and increasing neighborhood poverty resulted in a 70 percent increase in the number of blacks residing in impoverished ghetto neighborhoods— rising from about 2.5M in 1970 to more than 4M persons in 1990.*

Inner cities have become America’s poorhouses, and millions of African-Americans and Hispanics, as well as a good number of American Indians and Asian Americans, are today almost locked in them, with little hope of escape. Living in such concentrated poverty can have devastating effect. As William Julius Wilson, James M. Quane, and Bruce H. Rankin at Harvard University’s Kennedy School point out in their analysis in Appendix 1 of this report:

*Ghetto neighborhoods have less effective institutions, weaker informal networks, and social milieus that discourage collective supervision and responsibility. Lacking these important social resources, high poverty neighborhoods are more likely to experience a breakdown of public order, whereby crime, delinquency, and other forms of social disorder flourish. Thus poor ghetto residents are doubly disadvantaged—first, by being poor*

*and, secondly, by residing in neighborhoods characterized by low levels of social organization.*

*In addition, the individual experience of poverty is exacerbated by the social isolation brought on by residing in neighborhoods that offer few opportunities to interact with individuals and institutions representing mainstream society. Ghetto residents lack contact with regularly employed persons who can provide social support.*

Surely, 30 years after the Kerner Report, we must realize that it's not right that in a land of plenty so many Americans, so many American children, especially, should be left out and left behind.

We know what to do. As Martin Carnoy has written:

*When government has focused its power on racial and ethnic income differences and discrimination in the past, it has had a major impact on the economic conditions of blacks and other disadvantaged minorities. It can have a similar impact if policies combine investment in the education of disadvantaged children and minority college education with expansionary economics. It can have an impact if it combines pro-labor wage and training legislation with the implementation of existing anti-discrimination laws. Government can do all this.*

It doesn't make good economic sense for America to continue on its present path in regard to race, poverty, and the inner cities. It doesn't make good economic sense for us to continue to have such underdeveloped areas in our midst and so many of our fellow citizens under-skilled, under-educated, and under-employed and under-utilized. It doesn't make good economic sense for us to continue to spend so much more on crime and prisons than it would cost us to invest appropriately in education, jobs, and skills in the first place. Human development investment would pay untold dividends for us all, and also begin to create a good public health policy.

And it doesn't make good moral sense to consign so many Americans to unrealized lives and potential.

This update of the Kerner Commission therefore shows what policy does make sense, as the nation approaches the new millennium. We seek to close the income, wage, employment, education, racial, housing and prison breaches. Federal leadership is needed because only the public sector potentially can act at "a scale equal to the dimensions of the problem," to quote the Kerner Commission.

We concentrate on the roughly 10 percent of the American population that is truly disadvantaged, is disproportionately minority, and lives in urban areas of concentrated long term poverty. Chapters 2 and 3 of the report provide a

framework for policy for the truly disadvantaged in inner cities, based on existing scientific information. Chapter 2 clarifies what doesn't work very well. Chapter 3 illustrates what does work from the evidence of scientific evaluations. Chapter 4 points to some of the lessons that appear to underlie failure and success. Chapter 5 cautions that these lessons cannot be carried out unless an organized citizenry reverses the betrayal of American democracy by big money and unless we better communicate to the public that we know what works, and how to replicate it. Chapter 6 frames a progressive national investment policy based on what works that is consistent with the recommendations of the Kerner Commission and shows how to finance the investments. Chapter 7 suggests the alliance among the middle class, working class and the truly disadvantaged that is needed to create the political will to act.

## 2. What Doesn't Work

It is better to start by identifying what doesn't work — because, if we stop doing it, we may be able to use the money saved to invest more in what does work. After the disturbances in 1992 in South Central Los Angeles that followed the Rodney King trial, a national CBS/New York Times poll asked a cross section of Americans whether they would be willing to support, financially and politically, creative solutions for inner cities. A majority of the respondents nationally said they would be willing to do so — as long as the strategies actually worked. The next question in the poll was, “What is the major obstacle to doing more?” A majority of the respondents said that the major obstacle to doing more was “lack of knowledge.”

That is not so. To a considerable extent and based on scientific evidence, we know quite a bit about what doesn't and what does work. Enough is known to assemble a national private and public sector policy that stops doing what doesn't work and that uses the money so saved to help replicate what does work, “at a scale equal to the dimensions of the problem,” to quote the Kerner Commission.

In the 1980s and 1990s, much public sector policy on the truly disadvantaged has been premised on the assertion that, in effect, nothing works — except supply-side economics and prison building. In fact, considerable evidence suggests just the opposite. Supply-side economics and prison building are on the top of the list of what doesn't work for the truly disadvantaged.

Supply-side economics is, in particular, the notion that tax breaks should be given to the rich and to corporations — so that they will invest more. When they invest more, benefits will “trickle down” to the middle class and to the poor, according to the theory.

Supply-side economics also rests on the notion of an infallible self-regulating market. The market is said to be the most rational and equitable mechanism for regulating human affairs. Efforts to interfere with it by governments or outside agencies will only reduce its power, it is said.

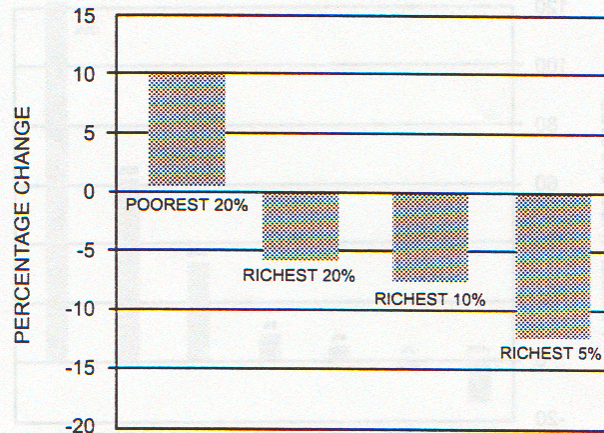
However, in the real world, the market comes up short when it comes to democratic as well as moral values.

In terms of democratic values, supply-side politicians try to present markets in terms of pure competition. Entrepreneurs are said to serve the public by lowering prices and improving quality in constant, intense competition. In reality, this vision is the worst nightmare of any corporation. Successful corporations move quickly to lessen their risks by increasing their size and reducing the threat of competition. Many markets become oligopolies — controlled by a few, with tough barriers to entry to prevent new competition. Supply-siders “revel in the

rhetoric of the free market, but the reality is one of highly concentrated, unaccountable economic power,” concludes Professor Robert W. McChesney at the University of Wisconsin. This is undemocratic. In markets, says McChesney, “one’s income and wealth determine one’s power. It’s a system of ‘one dollar, one vote,’ rather than ‘one person, one vote’.”

**FIGURE 2-1**

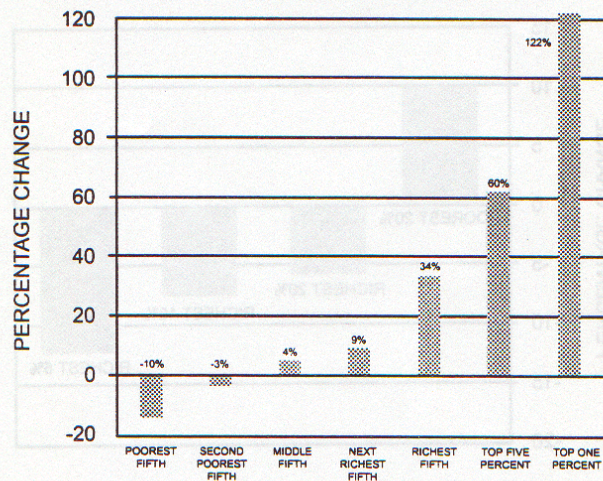
**CHANGES IN TAX RATES BETWEEN 1980-1990 IN THE U.S.**



Source: Congressional Budget Office

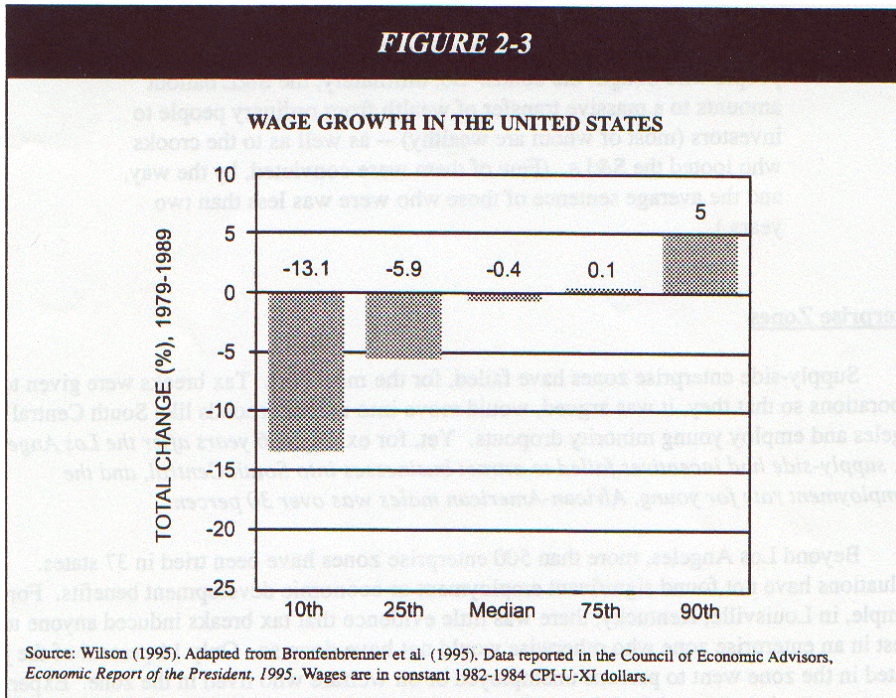
**FIGURE 2-2**

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



Source: Center on Budget and Policy Priorities and Congressional Budget Office.





What of moral values? The commercial marketplace needs advertising. Something becomes “true” in the advertising marketplace if you can get people to believe it. For example, as McChesney observes, the notion is false that drinking a certain beer will make someone more athletic and more attractive sexually. But if advertising convinces people of this Marlboro Man image and they purchase the beer, the notion becomes “true” and the advertising executive who created the message is financially rewarded. In other words, the morality of the market can be based on distortion if not outright lies. The morality of the market is not based on values like love, family and friendship — even though polls consistently show that these values are prized more highly than the materialistic values associated with the market.

Beyond issues of democratic and moral values, the supply side market ideology has failed the poor, the working class and the middle class in terms of economics. Chapter 1 suggested the long-term trend since the Kerner Commission of the rich getting richer and the poor getting poorer. As measured by a number of indicators, this inequality grew most rapidly during the height of supply-side economics in the 1980s, as chronicled in many books, among them *The Politics of Rich and Poor*, by conservative analyst Kevin Phillips.

For example, from 1980 to 1992, overall child poverty increased by 22 percent, according to the Bureau of the Census of the Department of Commerce. Today, the child poverty rate in the United States is 4 times the average of Western European countries. From 1980 to 1990, taxes for the poorest 20 percent of the population were increased by 10 percent, while taxes for the richest 5 percent were reduced by about 13 percent, based on statistics from the Congressional

Budget Office. (Figure 2-1). From 1977 to 1988, the incomes of the richest 1 percent in America increased by 120 percent and the incomes of the poorest fifth in America decreased by 10 percent based on statistics from the Congressional Budget Office and the Center on Budget and Policy Priorities. (Figure 2-2.) From 1979 to 1989, persons in the 10th percentiles had their real wages reduced by over 13 percent, while persons in the 90th percentile had their real wages increased by 5 percent, according to the President's Council of Economic Advisors. (Figure 2-3.) The U.S. has had the most rapid growth in wage inequality in the Western world, with racial minorities suffering disproportionality. Today, the top 1 percent of Americans have more wealth than the bottom 90 percent. In terms of wealth and income, the U.S. is the most unequal industrialized country in the world, and is growing more unequal faster than any other industrialized country.

From 1981 to 1991, the national debt increased from \$800B to well over \$3T, during the height of supply-side economics. Intentionally, some like Columbia University Professor Alan Brinkley assert, the debt, and the need to finance it, has undercut support for what works — not by discrediting successful inner city investments, but by sacrificing them to deficit and debt reduction.

Supply-side economics also placed a priority on deregulation. One notable result consisted of the failures in the savings and loan industry. The federal government bailed out the industry by floating 30 year bonds. Mark Zepezauer and Arthur Naiman estimate that, depending on interest rates, the cost of the bailout will be perhaps \$950B — or about \$32B per year for 30 years:

*All this money will come from taxpayers and will go to the people who bought the bonds. So, ultimately, the S&L bailout amounts to a massive transfer of wealth from ordinary people to investors (most of whom are wealthy) — as well as to the crooks who looted the S&Ls. (Few of them were convicted, by the way, and the average sentence of those who were was less than two years.)*

Supply-side enterprise zones have failed, for the most part. Tax breaks were given to corporations so that they, it was argued, would move into neighborhoods like South Central Los Angeles and employ young minority dropouts. Yet, for example, *6 years after the Los Angeles riot, supply-side had incentives failed to attract businesses into South Central, and the unemployment rate for young, African-American males was over 30 percent.*

Beyond Los Angeles, more than 500 enterprise zones have been tried in 37 states. 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 14 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



neighborhoods not quite devastated enough to fit the enterprise zone criteria. This has not added up to many new jobs or reduced the overall unemployment rate in the enterprise zone. 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.

In its evaluation, 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 50 enterprise zones. It was estimated that the 50 zones would cost \$1.8B in tax revenues forgone over 5 years. Yet it also was estimated that, even if the proposals had been a complete success — an outcome that the Institute considered quite unlikely — they would have affected at most 1.5 percent of the U.S. poverty population. Importantly for us, the Urban Institute study concluded that the federal resources expended to provide these generous tax subsidies in the 50 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 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."

Based on thinking similar to enterprise zones, the supply-side targeted jobs tax credit, given to employers who hired welfare recipients and other low income people from 1978 to 1995, failed. According to the U.S. Department of Labor Inspector General, audits found that 92 percent of the workers hired under the program would have been hired anyway. The program generated \$140M a year in benefits at a cost of \$374M a year. In terms of cost-benefit ratios, this means that, for every dollar invested, taxpayers received 37 cents in benefits.

The federal government's empowerment zones have eliminated many of the shortcomings of enterprise zones, but conclusive evaluations are not yet available. The empowerment zones still include tax breaks to corporations, but add direct investments of public funds to create linkages among economic development, housing rehabilitation by community-development organizations, transportation, job training and placement, youth development, and community-based policing. The overall program is funded at \$3.5B. Six urban empowerment zones — Atlanta, Baltimore, Chicago, Detroit, New York, and Philadelphia-Camden, New Jersey — are funded at \$100M each, in addition to tax breaks to business to settle in the zones. The funds are being distributed over 10 years. Two "supplemental" urban empowerment zones — Los Angeles and Cleveland — are funded at \$125M and \$90M, respectively.

### **The Job Training Partnership Act**

Begun in the 1980s, the supply-side Job Training Partnership Act (JTPA), which remains the primary federal job training program today, has failed out-of-school youth. Evaluations in the 1980s showed that, while the results were marginally positive for disadvantaged adults, out-of-school youth in the program actually did worse than comparable youth not in the program. For example, young men under age 22 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. JTPA enrolls only about 5 percent of those eligible for assistance, and critics say it is the wrong 5 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. 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. Similarly Gary Orfield and Carole Ashkinaze conclude:

*[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, goal of the current federal training system has been not so much to provide skill training than to channel relatively well-prepared women into traditionally "female" and low-paying jobs in private industry, says Elliott Currie. For example, in Atlanta the local JTPA program "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:

*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.”

In 1994, the U.S. Department of Labor concluded, “JTPA programs in general appear to have no positive impact on the earnings, employment, criminal involvement or welfare dependency of male and female out-of-school youth.”

Some critics 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, and propose a new national and local workforce development system in Chapter 6 to replace JTPA.

### **The Success of Alternative Macroeconomic Policy**

Beyond this documentation that supply-side economics does not work (except for the rich) there is evidence that the opposite policy has worked over the 1990s. In 1993, taxes were raised to cut the federal deficit. Said Representative Christopher Cox, (R., California) at the time, “[The tax increase] will kill jobs, kill businesses, and, yes, kill even the higher tax revenues that these suicidal tax increases hope to gain.” Instead, in 1998, the economy was robust. Inflation and unemployment were as low as they had been in a generation. At least this was so for mainstream, middle class Americans. High rates of child poverty and of structural unemployment remain in inner cities.

### **Smokescreens**

Especially during the 1981 to 1992 period when supply-side economics was most in vogue, but also continuing on in the 1993 to 1998 period, certain political catch phrases have been attached to policy for the truly disadvantaged. The phrases include words like civil society, civility, volunteerism, self-sufficiency, empowerment, coalition, partnership and devolution. With appropriate recognition of their strengths, weaknesses and limitations, we have found that these concepts have a role to play in national policy. However, used to excess, cynically, as public relations political spin vehicles and without an understanding of what happens on the street, these concepts sometimes become supply-side smokescreens for continued disinvestment. They can cover up budget decisions against investing to scale in the children, youth, families and neighborhoods of the inner city. Briefly, consider each phrase:

**Civic Society and Civility.** It is fashionable to lament that families, neighborhoods, schools and congregations are in disrepair because Americans have lost the sense of small town civic mindedness that Alexis de Tocqueville praised over a century and a half ago — the “habits of the heart” on which he said democracy depends. A healthy civic society is said to promote considerate manners, neighborliness, a willingness to help others out in the community — a sense of civility. Today, there is a profusion of projects and commissions on civic renewal and civility headed by persons of widely differing political philosophies.

However, in some cases, calls for a civic society and more civility appear to involve those at the top, who have benefitted from supply-side economics, asking those at the bottom to behave themselves. As Professor Michael Sandel of Harvard University has concluded:

*When the growing gap between rich and poor leads the affluent to flee public schools, public parks and public transportation for privileged enclaves, civic virtue becomes difficult to sustain, and the common good fades from view.*

*Any attempt to revitalize community must contend with the economic as well as the cultural forces eating away at the social fabric. We need a political philosophy that asks what economic arrangements are hospitable to self-government and the civic virtues that sustain it.*

**Volunteerism.** In the case of military spending, there is agreement that we need money for paid professional staff, paid support staff, equipment and infrastructure. Corporation executives say that, to be competitive, salaries must be high, managers need qualified support staff, and equipment and infrastructure must be in place. Yet many also say that, for American poverty in the midst of plenty, increased racial segregation, the deterioration of inner city infrastructure, the growing gap between rich and poor, and high unemployment in places like South Central Los Angeles 5 years after the riot there, the answers don’t involve money as much as volunteerism and self-sufficiency.

Such views form a double standard that our experience finds unsubstantiated. Evaluations by the Eisenhower Foundation have taught that, while the spirit of volunteerism is to be commended, it has sharp limitations in the inner city. Drawing on effective volunteers is difficult even in more advantaged communities. For example, a 1989 national Washington Post- ABC poll found 85 percent of the respondents agreeing that very few people “would be willing to join a community group against the drug problem.”

The limitations of volunteerism are more apparent in the inner city. The fact that inner city residents 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 West Philadelphia inner city nonprofit community program which the Eisenhower Foundation had evaluated in the 1980s, staff noted special difficulty in recruiting volunteers because of the high proportion of female-headed households in the neighborhood. Many women in the community already had their hands more than full coping with both family and work. The requirements of recent welfare reform make this limitation more relevant. Yet the Eisenhower Foundation also found that it often was difficult to recruit male volunteers in poor neighborhoods. Many of those who might have been qualified for volunteer work needed paid employment. An Eisenhower-evaluated program in the East New York section of New York City, for example, planned a volunteer subway station watch. Despite considerable efforts, there was little success in finding 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. Even when sufficient volunteers can be found, programs do not necessarily show positive outcomes. For example, volunteer citizen block watches do not necessarily reduce crime in inner-city neighborhoods, based on many evaluations over the last decade. Sometimes they reduce fear while crime remains high or even increases. This can create a false sense of security.

Some of the clearest quantitative evidence on the limits of volunteerism is found in the recent Eisenhower Foundation evaluation of youth development organization and police partnerships in Boston, Chicago, Philadelphia and San Juan, summarized in Chapter 3. Inner city nonprofit youth safe havens were integrated with police ministrations, which operated in the same space. Police mentored youth. Youth leaders joined police on community patrols and school consultations. During the first 2 years, the programs in the 4 cities were funded at levels about as originally planned. During the last year, there were very sharp funding cuts, because of federal belt tightening. During the first 2 years, paid civilian staff ran the programs, — and serious crime declined an average of 18 percent in the target neighborhoods in the 4 cities. During the last year, paid staff were cut to the bone, much more reliance had to be given to volunteers — and serious crime declined by an average of 3 percent in the 4 target neighborhoods. The findings were statistically significant. Just as the Eisenhower Foundation’s evaluations have found that good, reliable volunteers are not easy to find in inner

city neighborhoods, so others have warned about reliance on middle class or wealthy volunteers who live in the suburbs. Andrew Kohut, who headed an extensive study of “citizen engagement” for the Pew Charitable Trusts, has concluded, “It’s a truism that people volunteer in their own social strata in areas where they feel comfortable.” Professor Julian Wolpert, at Princeton University, has observed that volunteers overwhelmingly prefer to work in their own communities. “As a rule, volunteers don’t commute.” The problem is illustrated in a current Eisenhower Foundation evaluation, where middle class mentors promised to volunteer, but then did not participate. Talking about the exodus to the suburbs, Richard Leone, President of the Twentieth Century Fund, has concluded, “What used to happen in cities is that well-established and well-off people and major corporations had a real stake in neighborhoods. But economic stratification has increased every decade since World War II and it’s had a real impact.”

*In other words, volunteerism in poor neighborhoods has suffered as the rich have gotten richer and the poor have gotten poorer.*

A related issue is that good volunteerism is really not free. Professor Abe Wandersman at the University of South Carolina, who specializes in volunteerism, has said, “Effective volunteerism requires understanding the costs and benefits to the volunteers.” For a volunteer to benefit and to be productive, the volunteer must be screened, oriented, trained and supervised. One-to-One/The National Mentoring Partnership, which links mentors to children, has said that the cost for one mentor for one year in New York City is \$192. However, in its evaluation of volunteers in the Big Brothers/Big Sisters Program, Public/Private Ventures estimates the cost for one mentor for one year to be \$1,000. This evaluation also estimates that perhaps 5 to 15 million youth need such volunteer mentors. Hence the cost might be \$5B to 15B per year if such volunteerism were replicated to a scale equal to the dimensions of the problem. To us, therefore, those who advocate for volunteerism are not necessarily in agreement among themselves on the real costs needed to generate real benefits.

In this context, a 1997 Philadelphia summit on volunteerism has been viewed with skepticism by some observers, including ourselves. At the time of the summit, the New York Times interviewed residents in the impoverished Logan neighborhood of North Philadelphia, where the Eisenhower Foundation earlier had funded a community-based youth development and crime prevention replication. One resident thought the summit a bit “naïve” because “you have to have a certain expertise among the volunteers, and in communities like Logan, people don’t have the expertise.” The director of the nonprofit community program observed, “Volunteering is really good, but people need a program to volunteer for, and in order to do that, you have to have dollars.” Pablo Eisenberg, Executive Director of the Center for Community Change, concluded that “no matter whether you attract lots of volunteers, money is still the most important

ingredient in reducing poverty and helping poor people. You need money even to organize volunteers.”

**Self-Sufficiency.** Because of the national debt that expanded from \$800B to over \$3T from 1981 to 1991, during the height of supply-side economics, we were told that programs for the truly disadvantaged had to be reduced or eliminated. This made sense, we were told, because these programs didn’t work anyway. To make best use of the diminished domestic funds that remained, inner city programs, typically run by nonprofit organizations, were encouraged to become financially “self-sufficient” from public money. Private sector funders also tended to require self-sufficiency. There are some examples of such self-sufficiency that works. One of the best is Delancey Street in San Francisco. Co-founded by Mimi Silbert, Delancey Street is run entirely by adult ex- offenders, who net over \$4M per year from their businesses. Delancey Street has been replicated in several locations.

However, Delancey Street has been an anomaly when it comes to self-sufficiency — especially for high-risk children and youth who are too young to work. In the 1980s and 1990s, over and over again Eisenhower Foundation evaluations found that such programs were frustrated, hampered, and sometimes stillborn because of insufficient funds for paid staff, insufficient funds for staff development, an absence of qualified, trained people to hire even had the funds been available, lack of space for program activities, lack of money to pay for the most basic, essential supplies and lack of internally generated income streams. For example, in the program which the Foundation had evaluated in East New York, despite help from several VISTA volunteers, the project was “overwhelmed by the work.” One staff member said, “There are too many things to do at one time — block organizing, clean-ups, meetings, fundraisers, the after-school program and cleaning the office.” We found such programs had trouble hiring, and even more trouble retaining, Project Directors — in part, as one evaluation notes, because of the “low salaries offered.” In West Philadelphia, the program we evaluated had only one staff member for the first 10 months of 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.”

Until a long run public and private strategy can be funded and well managed to sustain promising groups while they are technically assisted to carry out the principles of Delancey Street-like successes, the shortcomings of supply-side self-sufficiency are all too apparent. This conclusion is relevant when it comes to replicating programs that have sustained themselves long enough to become models. Even Delancey Street, which originally accepted no public or foundation funding, now is approaching the public sector and foundations for funding to replicate on a broader scale. The shortcomings of self-sufficiency also mirror the limits of volunteerism.

**Empowerment.** In the 1980s, “empowerment” also became a fashionable term. As part of supply-side philosophy, empowerment meant control by the poor over their own destinies. The example used most was in public housing. Empowerment was used to describe programs for tenant management and tenant ownership. One tenant management demonstration, in Washington, D.C., became a showcase for visitors. Even the Queen of England came to see it. Yet no national strategy was created and funded to replicate tenant management and ownership to scale in public housing across the nation. Funding would have been needed to train tenants in management. Job opportunities would have been necessary to assure that those who owned their homes could pay their mortgages. In the absence of such a policy, tenants in only a relatively few demonstrations around the nation were “empowered.” There never was much attention given to how “empowerment” would be a practical, day-to-day mechanism through which a model was replicated to scale. That seemingly required money, and money, at least public sector funding, was never central to “empowerment.” However, after public sector executives who articulated empowerment left government, money came into play — in that they received large fees for talking about empowerment to audiences that were well off and could afford the fees.

*Nor has empowerment been used in ways where it could have real meaning. For example, reform of the Job Training Partnership Act to better link it to real jobs with upward mobility for welfare mothers and out-of-school youth could well be labeled as act of empowerment — by enabling dependent populations to become wage earners and taxpaying citizens.*

**Coalitions and Partnerships.** Grassroots coalition building was another popular catch phrase for inner city programs in the 1980s. There was, and still is, a lack of clarity in many grassroots initiatives as to why coalitions might help solve inner city problems. Part of the rationale seemed to be that resources presumably already were available in the communities, but were poorly managed and needed coordination via a coalition.

Especially in the climate of scarce resources for the inner city, there has as yet been no proof that this assumption holds. Perhaps the best examples come from the Center for Substance Abuse Prevention (CSAP), a federal agency which we believe has done a good job. Over the last decade, CSAP has made hundreds of grants — to both community-based coalitions and to single youth agency service providers. There is no evidence that the coalitions produced better outcomes than the single agencies. Coalitions required a lot of meetings. The single agencies gave priority to direct service provision, building partnerships with others only if and when they appeared productive. It has been the experience of the Eisenhower Foundation that resource- poor organizations will resist collaborations and their many meetings unless there is a reasonably clear promise that the organizations will secure more funds for their work.



However, if coalitions and partnerships are not used as smokescreens for disinvestment by the public sector, we believe they have potential. For example, if the partners of a coalition are adequately funded, and if there also is additional funding for joint work, then the partners can make site visits to learn one another, create evaluations which might not be feasible on a single agency basis, and perhaps share a common media director who communicates their successes in ways that generate publicity and then more funding.

**Devolution.** The word devolution has become popular as a supply-side strategy to shift power away from federal government. The most publicized current venue for devolution is to shift welfare programs to state government. However, there is no clear-cut evidence that state government works better than federal government. There is some basis for saying that states have been “creative laboratories for change,” to use language that frequently is used today. An illustration is the success of southern states in reducing infant mortality. Yet there is great variability among states. There are relatively innovative states — like New York. There also are states which are much less innovative. Some states, like Vermont, have true participatory democracy, while other states are entrenched with cronyism.

Experience also has shown that, when the federal government makes block grants to states that affect high-risk children and youth, governors do not always distribute the block grants proportionately to the populations in need. For example, there have been years when California did not grant Los Angeles nearly its proportionate share of drug block-grant money. The same has been true for Wisconsin and its distribution to Milwaukee.

*But the key issue is why we should devolve to the state public sector bureaucracy when, as we shall see in Chapter 3, there is considerable evidence that local, private, nonprofit, grassroots programs are more successful than state bureaucracies.* One reason why supply-side supporters may be against devolution to the grassroots level is that grassroots organizations tend to be opposed to supply-side economics. They tend to support bubble up, demand-side economic development that is run indigenously. Another reason may be that too much devolution is not necessarily good for the monied interests that benefit from supply-side economics. Such interests often can be at the losing end of local battles led by grassroots groups. These interests often have more clout in lobbying state legislators. In fact, there is some evidence that lobbyists are increasing brandishing a new weapon against local and grassroots empowerment, as part of devolution: pre-emption. Some well-financed lobbyists are pressuring state legislatures to pre-empt local ordinances. For example, grassroots activists have won local restrictions on indoor smoking and handgun use in some localities. In response, the Tobacco Institute and the National Rifle Association have taken pre-emption campaigns to statehouses — to try to reverse such victories.

**Conclusion.** We do need strong civic institutions in the inner city. Volunteers usually are present in adequately funded programs that work. Delancey Street is a worthy model for self-sufficiency that should be replicated. Inner city families can exit poverty if they are empowered by real job opportunities. Those opportunities need to be partnered with quality education, remedial education and job training in grassroots programs that work. Devolution can succeed — at that grassroots level, based on existing evidence. These words only become suspect when used as smokescreens in place of real investment in the human and physical capital in the inner city.

In recent years, it has become fashionable to base policy not only on supply-side economics and its associated smokescreens but also on the argument that, in effect, prison building is one of the best short run policies to deal with the truly disadvantaged and the inner city — especially when it comes to the young minority males who are viewed by many as a threat to civic society and civility.

As a result, while there were 200,000 people in prison in 1970, today there are about 1,585,000 in prison and 2,300,000 on probation and parole. There are more people in prison in the U.S. than any country in the world, including China (about 1,237,000) and Russia (about 1,017,000), based on estimates by The Sentencing Project. (Table 1-1.) In the 1980s and 1990s alone, the number of prison cells tripled, to over 1,000,000. Prison operating costs rose from \$3B in 1980 to almost \$18B in 1994. Over that period, combined prison construction and operating costs totaled \$163B.

The single most important explanation for the increase in the prison population was drug enforcement. The 1985 Omnibus Drug Enforcement, Education and Control Act greatly increased penalties for drug offenders. These policies include mandatory minimum sentences, and repeat offender provisions such as “three strikes and you’re out.”

**Table 1-1**  
**A Sample of Incarceration**  
**Around the World**

Country	Rate of Incarceration per 100,000 population	Total Number of Inmates
Russia	690	1,017,372
United States	600	1,585,401
Singapore	287	8,500
China	103	1,236,534
Britain	100	51,265
France	95	53,697
Sweden	65	5,767

Source: The Sentencing Project, Washington, DC

In the 1980s and 1990s, the U.S. continued to have both the highest rates of violent crime, the highest rates of child homicide and the highest rates of incarceration in the industrialized world. These comparisons among nations do not provide clear evidence that more prisons result in less crime. In the 1990s, police-reported violent crime rates have declined in the U.S., especially in big cities. Prison building has been given as one of the reasons. Other explanations include success with problem-oriented policing, success with community-based youth development and prevention programs, a decline in the relative proportion of persons in their high-crime teen and early adult years and a decline in turf wars among big city drug dealers.

In addition, in the mid-and-late-1990s, murder rates in middle-sized cities, like Louisville, KY, and Nashville, TN, began rising — in large part because drug dealers began moving into such places, where a new cycle of violent turf wars may be starting.

### **The Impact of Prison Building on Crime**

A number of studies have attempted to measure the relative impact on crime of the national prison building boom. The most prestigious, complete and recognized study is by the National Academy of Science. The Academy's Panel on Understanding and Preventing Violence found that, from 1975 to 1989, "Increases in both a convicted violent offender's chance of being imprisoned and the average prison time served if imprisoned at all combined to cause a near tripling of the expected prison time served per violent crime." As a result, the Panel estimated that increased use of prison from 1975 to 1989 prevented 10 to 15 percent of potential violent crimes. However, the number of violent crimes committed in America was the same in 1989 as in 1975 — 2,900,000. "This suggests that by itself the criminal justice response to violence could accomplish no more than running in place," the Panel found.

Conventionally, it is argued that prison has 2 crime reducing effects — incapacitation and deterrence. Incapacitation is the separation of incarcerated criminals from the community to prevent them from committing more crime. It is plausible that the estimated 10-15 percent of violent crimes prevented by prison building, according to the National Academy of Science, was due to incapacitation.

It is less plausible that it was due to deterrence. Deterrence means discouraging potential offenders on the outside through the threat of punishment. Joan Petersila, former Director of the RAND Corporation's Criminal Justice Program, concludes, "Prison is most likely to deter if it meets two conditions: social standing is injured by the punishment and the punishment is severe in comparison to the benefits of the crime." Among truly disadvantaged young men in particular, often neither condition holds. Violence can be the only, or one of the few, effective ways to achieve status, respect and other personal needs in low income

neighborhoods, based on the research of Professor Delbert Elliott at the University of Colorado. This is especially so if a youth is a member of a gang. Going to prison can toughen one up, enhance one's reputation and provide good education in crime, based on research by Professor Elijah Anderson at the University of Pennsylvania. In the case of drugs, the persons most frequently arrested are not the mid- to high-level drug dealers, but young street runners, and they are almost immediately replaced. For overall youth crime, Beatrice Hamburg, departing President of the William T. Grant Foundation concludes:

*The evidence is clear that enactment of increasingly harsh and punitive laws, including reducing the age for sentencing youngsters to adult prisons to 12 or 13 years old, does nothing to deter youth crime or remove the causes of youth crime or violence. On the contrary, a number of studies confirm that the harshest laws have led to an unintended opposite effect of higher recidivism and more serious crime.*

While the decline in violence is relatively small, according to the National Academy of Science, the cost is relatively great. State prison operating costs rose from \$3B in 1980 to about \$18B in 1994. Over that period, combined state prison construction and operating costs totaled \$163B. In a state like New York, it costs over \$100,000 to build a new prison cell. It costs up to about \$30,000 per year to keep someone in a New York state in a high security cell. This cost is higher than sending a young person to an Ivy League university. The dollar costs do not appear to compare well to the benefits of programs that work, some of which are summarized in Chapter 3. Many public and private initiatives that work, like preschool, the Quantum Opportunities Program and Job Corps, appear to have superior cost-benefit ratios when it comes to crime. In addition, these programs often simultaneously improve educational attainment, improve employability, reduce teen pregnancy and reduce dependency — while prison does not.

### **Boot Camps**

Nor do boot camps appear effective or cost-effective. Boot camps are for young criminals — most of them first-time offenders who were engaged in nonviolent acts, like burglary and drug dealing. Several months of tough treatment and close supervision by uncompromising drill instructors are used to try to instill discipline and a desire not to repeat. By the mid-1990s, 30 states and 10 localities operated boot camps, as does the federal government. However, evaluations have consistently found that the recidivism rates of boot camp graduates are no better than those of convicts sentenced to traditional prisons. In the most comprehensive scientific evaluation to date, of boot camps in 8 states, Professors Doris MacKenzie and Claire Souryal at the University of Maryland concluded that “the impact of boot camp programs on offender recidivism is at best negligible.”

### **The Costs of Prison Building**

The dollar costs of prison building, prisons and boot camps are just part of the total costs. There also are other costs — related to race, education, housing, lobbying and supply-side economics.

**Prison as Civil Rights Policy** In the early 1990s, 1 of every 4 young African-American males nationally was in prison, on probation or on parole at any time. By the late 1990s, 1 of every 3 young African-American males nationally was involved in the criminal justice system at any time. From 1988 to 1994, 38 states and the District of Columbia experienced an increase in the racial disparity in their rates of incarceration. Nationally, the African-American rate of incarceration in state prisons during this period increased from 6.9 times the rate of whites to 7.7.

These numbers are harsh reminders of the Kerner Commission's prophecy of widening racial disparities. As a result, today the rate of incarceration of African American men in the U.S. is 4 times the rate of incarceration of Black men in pre-Nelson Mandela, apartheid South Africa.

One important reason for these high rates of African American incarceration and for the growing racial disparities has to do with the long prison terms given for crack cocaine, disproportionately involving minorities, compared to the relatively short prison terms given for powder cocaine, disproportionately used by whites. In terms of such sentencing disparities, and the failure of national policy and leadership to reverse them in the 1990s, prison building, we believe, has in some ways become a part of the nation's civil rights policy.

**Prison as Education and Housing Policy.** Based on a 1997 study by the Justice Policy Institute, from 1987 to 1995 state government expenditures on prisons across the nation increased by 30 percent, while spending on higher education fell by 18 percent. In 1995 alone, state spending on prison construction increased \$926M nationwide, while state building funds for higher education dropped a similar amount.

The state of California has the highest number of prisoners. Over the past 20 years, California has built 21 new prisons. Despite record numbers of college-eligible students, only 1 new university was added to what had been a preeminent public university system. California now is spending more for prisons than for higher education. Over the 1990s, the number of prison guards has increased by 10,000, while the state university system had to lay off 10,000 employees. Today the California state university system spends \$6,000 per student and pays \$34,000 a year per prison inmate.

Similarly Florida now spends more on its prison system than on its public universities, while a decade ago its education budget was considerably higher than its prison budget. In response, the Justice Police Institute report recommends a moratorium on new prison construction and a 60 percent reduction in the nonviolent prisoner population over the next 5 years. We concur.

The Justice Policy Institute study compares prison building to university building. Other studies have compared prison building to local public elementary and high school building. One study has reported that, since the mid-1980s, about 10 percent of our new public schools have been built nationally while about 80 percent of our new prisons have been built. To illustrate, in Florida, serious middle school and high school overcrowding has developed during the prison building boom. Ocoee, a town in the electoral district of Florida's Speaker of the House, has three quarters of the students of one school in portable classrooms.

Not only has prison building therefore become part of our education policy, through money redirected from schools to prisons, but it also has become a way of housing the poor. While we were tripling the number of prison cells over the 1980s, the federal government reduced appropriations for housing the poor by about 80 percent.

**Prison, Lobbying and Money**. A large portion of the nation's new prisons have been built in rural areas. In rural counties, the new inmate population amounted to nearly half of all population growth during the 1980s.

Fremont County, Colorado illustrates the 1990s trend of using prison building as a growth industry for rural development. Four federal prisons have opened in the county since 1994. Ruth M. Carter, the Mayor of Canon City in the county, says, "We have a nice, nonpolluting, recession-proof industry here...We as a community are doing better and better..." The county has gained 3,100 new jobs. Unemployment is 4 percent. Local t-shirts proudly are sold, proclaiming, in red letters, "Corrections Capital of the World — Fremont County." Fifteen thousand tourists a year visit the county's prison museum in nearby Florence, where there is one prisoner for every citizen on the outside. An upscale housing development centered on a golf course is being built across from one of the prisons. Local officials lobbied the U.S. Bureau of Prisons hard for the \$60 million prison complex — for example, by appearing on network Good Morning America, putting up a local cash match and donating the land.

Like Fremont County, many hardpressed small rural communities have fought for and won prison building development and jobs money places like Hobbs, NM; Tupper Lake, NY; South Bay, FL; and Beeville, TX.

Inmates are disproportionately minority in these prisons. But administrators and guards often are mostly white males. In this sense, prison building has become a kind of economic stimulus package for rural white men. The 1996 National Criminal Justice Commission identified a "prison-industrial complex" in which well paid lobbyists in Washington, DC, pressure Members of Congress to build more such rural economic development prisons and generate jobs. Nationally, the employment of prison staff and supervision jumped 31 percent in the early 1990s, according to the U.S. Department of Justice, to 347,320.

Some of the new prisons are privatized. The profit makers usually are white male controlled corporations. The inmates disproportionately are minorities. In this sense, prison building has become part of a supply-side economics process in which the white rich have become richer and the nonwhite poor have become poorer.

As for drug policy, which especially interrelates with prison policy because of the long sentences given for crack cocaine use (disproportionately by minorities) compared to powder cocaine use (disproportionately by whites), there is little evidence that the “war on drugs” has worked. Drug Strategies, in Washington, D.C., has concluded in a recent report:

*From 1981 to 1997, the federal government spent nearly \$60 billion on domestic drug law enforcement. Federal expenditures for domestic drug law enforcement during the period 1991-95 were 8 times larger than expenditures from 1981-1985. Moreover, state and local spending on drug law enforcement over the past two decades is estimated to be at least twice as great as Federal spending on domestic drug law enforcement.*

*Despite these budget increases, the drug problem persists. Arrests for drug offenses (possession or sale) have risen sharply in recent years, climbing from 460,224 in 1980 to 1,167,600 in 1995. While arrests for serious property crimes have gradually declined since 1991, drug arrests increased 46 percent. In 1995, 23 percent of state prisoners and 60 percent of Federal prisoners were incarcerated for drug law violations.*

*Since 1991, drug use has climbed sharply among junior high and high school students, according to the annual survey, Monitoring the Future. Increases have been most dramatic among the youngest teens. In the past 5 years, drug use has more than doubled among eighth-and tenth-graders.*

There are scores of other good examples of what hasn’t worked for the truly disadvantaged and the inner city — like, for example, the Urban Renewal and Model Cities programs that emerged shortly after the Kerner Commission. In this Chapter, we have stressed the failure of supply-side economics and prison building because an enormous amount of the policy debate in recent years has been monopolized by these themes, and by their associated misleading political rhetoric. Given the evidence that shows such policies are neither particularly effective nor cost-beneficial, and have devastating class and race dimensions that tend to reinforce the prophecy of the Kerner Commission, we can move on to what does work.

### 3. What Works

Chapter 3 shows that we know a great deal about what works. These existing successes become the basis for national investment policy recommendations that follow in subsequent chapters.

#### **What Standards Are Best?**

The National Research Council recently reaffirmed that the vast majority of programs for the truly disadvantaged and the inner city are not evaluated, or receive superficial evaluations that do not allow conclusions to be drawn on whether the program actually worked.

For programs with evaluations, what standards ought we to use? What criteria are appropriate for saying that an evaluation is rigorous enough? Here are the criteria we have used in this report:

1. The program was evaluated using a “quasi-experimental” design with comparison groups or an even more rigorous design with random assignment of subjects to program and control groups. Pre-post (before and after) outcome measures were undertaken.
2. All or most of the persons receiving the interventions were truly disadvantaged in urban areas and were “at-risk” in terms of a combination of factors — like income, dependency, education, employment, earnings, teen pregnancy, delinquency, crime and substance abuse.
3. The program addressed at least one of the problems or issues facing truly disadvantaged populations — like poverty, inadequate education, unemployment, crime, drugs, teen pregnancy, dependency and substandard housing.
4. The outcome findings were not equivocal, but clear cut — with all or most of the key outcome variables showing improvements for the treatment groups that were statistically significant vis-a-vis the control or comparison groups.
5. The program was not an isolated, narrow academic experiment, but it started with, or built up to, broader scale implementation, possibly at multiple sites which later may have been replicated still further. The evaluation included considerable practical information on the day-to-day management of implementation and on how organizational and staff issues impacted on final outcomes.



6. The program intervention was articulated in sufficient detail. The demographic, social and economic characteristics of the population served by the program were specified.

These criteria are comparable to recent reviews of programs in the American Journal of Preventive Medicine and by the Office of Juvenile Justice and Delinquency Prevention. However, we give more emphasis than such reviews to initiatives, beyond academic research, that have adequate technical evaluation designs but that also have been operating for some time in the rough-and-tumble of real world street life, funding pressure, staff burnout, inadequate salaries and political machinations at the local and federal levels. Academic experiments are limited, in our experience, unless the ideas can be carried out and replicated on the streets. We therefore have searched for common sense programs that foundations, legislators and public sector executives can fund and replicate.

Chapter 3 has model program successes that pass these criteria. Chapter 3 is not meant to be exhaustive. Rather, it is selective, illustrating successful programs that can be replicated as part of a national investment policy in keeping with the recommendations of the Kerner Commission.

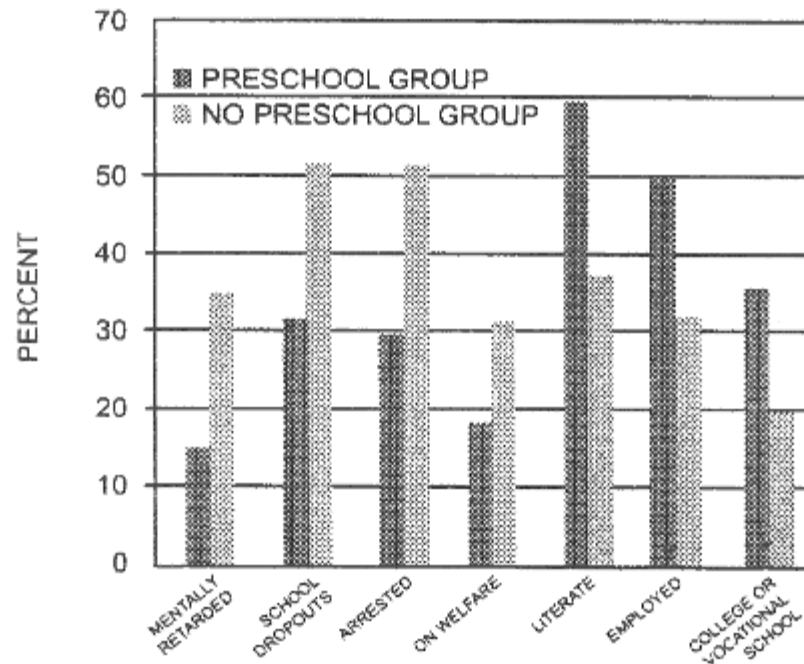
Our illustrations of what works for the truly disadvantaged in inner cities include preschool; urban public school innovations; child and youth development programs in the community, including vitally needed safe havens after school; remedial education, job training job placement and job retention programs for high school dropouts and welfare recipients that make sure training takes place before a person starts work; inner city job creation ventures; and problem-oriented, community equity policing that can stabilize neighborhoods, provide safe havens for programs that work, and encourage economic development that can generate jobs.

### **Preschool**

There are several control-group evaluations of preschool and of home visits by child development counselors — including the Perry Preschool Program, the Houston Parent-Child Development Center, the Syracuse Family Development Research Project and the Yale Child Welfare Project — that have measured success. Building on them, the national Head Start program has been evaluated as successful, and a growing number of states are refining initiatives to insure that 3 to 5 year olds come to school ready to learn.

**FIGURE 3-1**

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



Source: Berrueta-Clement, *et. al.*, 1984.

**The Perry Preschool Program**

The Perry Preschool Program used the High/Scope Cognitively Oriented curriculum. The program fostered social and intellectual development in children ages 3 to 4 years. It targeted children with below average IQ's from low income African-American families in a poor neighborhood in Ypsilanti, Michigan. Nearly half the children were from single-parent families. The preschool teacher divided the classroom into language-oriented learning centers that encouraged children to use, experience and discover language through activities and play. The teachers and children jointly planned and initiated activities. The teachers also met with children and mothers weekly. The teachers encouraged the mothers to engage children in activities consistent with work in the classroom.

Children were randomly assigned to the program group and to a control group. Both groups were followed to age 19. Figure 3-1 summarizes the results. Participants attached greater importance to school and displayed higher academic achievement than those in the control group, as indicated by standardized tests and grade point averages in high school, high school completion rates and literacy levels at age 19. Program participants had better employment records, spent more time in vocational school and college and had a lower likelihood of receiving

public assistance than controls by age 19. Only 31 percent of program participants had ever been arrested or charged with a crime by age 19, as compared with 51 percent of those in the control group. Program participants self-reported approximately 50 percent less violent behavior than controls.

Put Figure 3-1- Here from ImatekThe Houston Parent-Child Center During the first stage of this program — the first year of a child’s life — staff visited home to point out ways that parents could enhance the cognitive development of their children. When children were 2 years old, center-based educational nursery school began. Follow-up evaluations 5 to 8 years later, when children were ages 8 to 11, found that participants in the program displayed less teacher-rated fighting and disruptive, impulsive, and restless behavior than children in a randomly selected control group.

### **The Syracuse Family Development Research Program**

This initiative operated between 1969 and 1975. Its goal was “the support of child and family behaviors that sustain growth and development after intervention ceases.” This was done through enhancement of parent-child interaction, child cognitive development activities, social support, a toy and book lending library, educational child care and a parent organization. By age 5, children in the experimental program showed statistically meaningful gains in their cognitive functioning compared with randomly assigned control group children. For the 60 experimental program children who could be found years later, only 6 percent had been placed under supervision of the probation department, contrasted with 22 percent of the 54 children in the control group who were located. This translated into an estimated cost to society for court processing, probation services, supervision, and detention of \$186 per child in the program group compared with an estimated \$1,985 per child in the control group — more than 10 times as much.

### **The Yale Child Welfare Project**

This program provided home visits, pediatric child care, parenting skills and job counseling to low income mothers and their first child during the 30 months following birth. Ten years later, children from the program showed significantly less aggression, disobedience, lying, and cheating than control children. Program children were less likely than controls to require special education. At the 10 year follow-up, participating parents were less welfare dependent, better educated and had fewer children than control parents.

### **Head Start**

These preceding successes with preschool tended to be more academic experiments. But we have included them because they have been used to help design and refine the much more widely implemented federal Head Start program. Administered by the U.S. Department of Health and Human Services (HHS),

Head Start enables children to deal more effectively with their present environment as well as their later responsibilities in the school and community. Solutions embrace education; social services; medical, dental, nutrition, and mental health services; and parent involvement. The goal is to enable children to develop to their 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 approximately 800,000 volunteers in these communities.

The Committee for Economic Development, composed of corporate executives, has 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.*

Yet only about one third of all eligible lower-income children aged 3 to 5 presently are served by Head Start. Most eligible children receive Head Start for only 1 year. The enrollment rate for 3 year olds is especially low. The percentage of children receiving preschool is considerably higher for middle-income-family (\$35,000 and more) children — whose parents pay for private programs.

Half of all Head Start workers earn less than \$10,000 a year. The low pay leads to rapid and disruptive staff turnover, which diminishes the quality of care. Not enough staff have sufficient training to cope with the increasingly complex problems (including parental drug abuse) that children are bringing with them to the program. Typical Head Start instructors are less skilled than in, for example, the Perry Preschool Program. The underpaid and overworked staff typically do not have the time to adequately screen, orient and supervise volunteers.

Dramatic new biological and chemical findings have demonstrated how attention to babies in their earliest months determines how the brain is wired and provides a basis for their social, emotional and intellectual development. But this is bad news for welfare mothers who must work — unless we set in place quality, universal preschool (as in Sweden and France) and child care when parents work — building on successful models like Avance, Parents as Teachers, Early Head Start and Healthy Families America.

The Congressional Budget Office estimates that the present level of Head Start funding will need to be increased by \$6B to \$7B per year to provide eligibility for all lower income children who qualify — and so bring the U.S. up to the standards of France and Sweden, where preschool is viewed as a human right. Full funding is consistent with the recommendations of the Kerner Commission.

*In spite of the obvious need for higher pay for teachers and other staff at existing Head Start sites, and the need to better train and supervise volunteers, Congress in recent years reduced funds for management of Head Start programs. This was followed by criticism by Congress of poor management at some Head Start sites.*

Head Start enrollees have shown substantial immediate improvements in intellectual and social development. However, they have not shown the kind of long term benefits demonstrated in the Perry Preschool evaluation. In part, we believe that this can be attributed to less time in the program for Head Start compared to Perry Preschool youth, less intensive intervention, lower quality teachers and support staff, lower pay for staff, reduced funding for management and inadequate funding for the training and supervision of volunteers.

The lack of sustained longer term benefits, we believe, also can be explained by the absence of a national youth development program corresponding to Head Start for youngsters older than 3 to 5 years. Presently, lower income children who receive Head Start typically return, at age 6, to the same high-risk environment of the streets, but without any assurance that Head Start-type interventions and safe havens off the street will be available to help provide common-sense adult guidance and discipline. The response needs to be a rite of safe passage policy that continues Head Start-type investments — in the kind of successful nonprofit youth development and employment models found in the rest of Chapter 3.

As Professor William Julius Wilson at the John F. Kennedy School at Harvard University concludes:

*Anyone familiar with the harsh environment of the inner-city ghetto should not be surprised by the research findings on the Head Start fade-out. It would be extraordinary if the gains from Head Start programs were sustained in some of these environments. The children of the inner-city ghetto have to contend with public schools plagued by unimaginative curricula, overcrowded classrooms, inadequate plant and facilities, and only a small proportion of teachers who have confidence in their students and expect them to learn. Inner-city ghetto children also grow up in neighborhoods with devastating rates of joblessness, which trigger a whole series of other problems that are not conducive to healthy child development or intellectual growth. Included among these are broken families, antisocial behavior, social networks that do not extend beyond the confines of the ghetto environment, and a lack of informal social control over the behavior and activities of children and adults in the neighborhood.*

*If enrichment programs like Head Start were extended throughout elementary, middle, and even high school, it is very likely that initial gains would be sustained. In the absence of such programs, however, it is unwarranted and intellectually irresponsible to attribute either the*

*academic failure of these children or their lack of success in postschool employment mainly to their “cognitive ability.” Moreover, most geneticists agree that there is currently no definite line separating genetic influences from environmental influences.*

### **Urban Public School Programs**

The success of poor urban youth lies in the hands of thousands of public schools that have the capacity to significantly change their life courses. We do know how to reorganize schools to be effective.

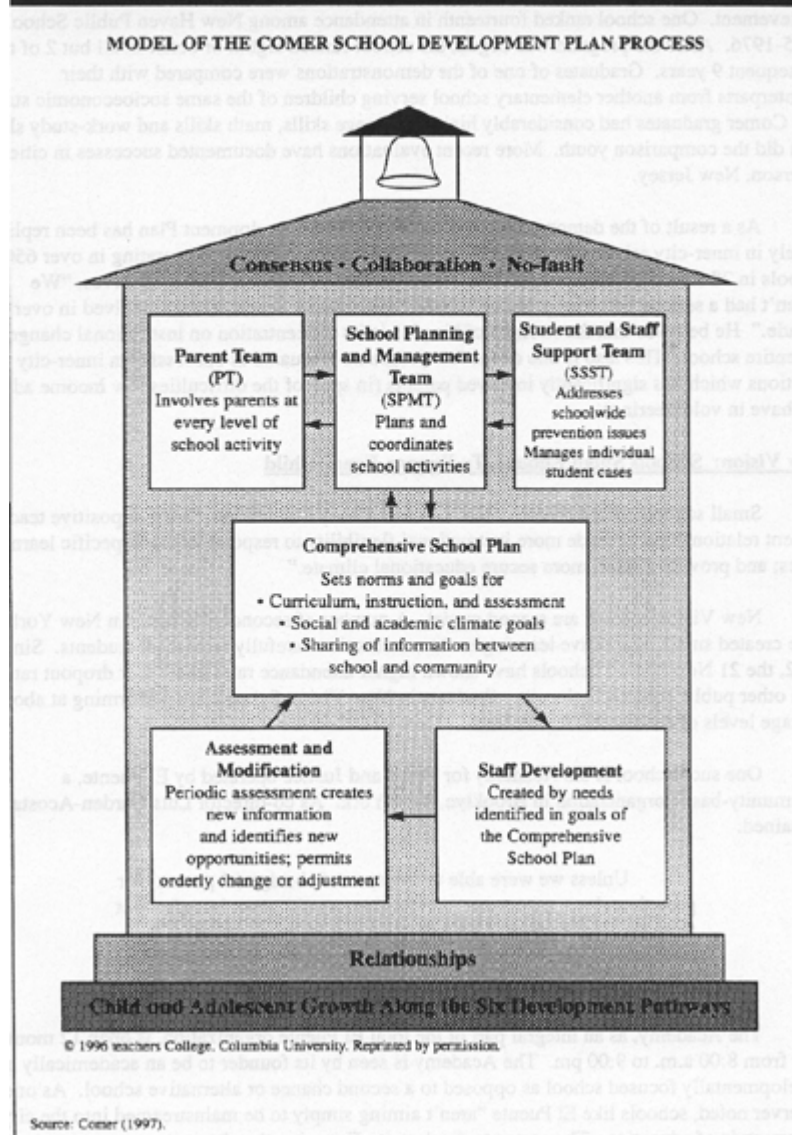
Illustrations of urban public school-based programs that have been scientifically evaluated as successful include the Comer School Development Plan; New Visions Schools; holistic middle schools based on the principles in the Carnegie Council’s Turning Points report; full service community schools, as spelled out by Joy G. Dryfoos in Safe Passage; and Project Prepare at the Roberto Clemente Academy in Chicago.

### **The Comer School Development Plan and Meaningful Family Participation**

Active and informed family participation has long been recognized as a key in successfully educating children. In inner city communities, parental involvement is a challenge - - because of the negative experience so many parents have had in school. Nonetheless, there are inner city models of success — like the School Development Plan, created by James P. Comer, Maurice Falk Professor of Child Psychiatry at the Yale University Child Study Center. The Comer Plan for inner city elementary schools serving low income populations has 3 components. A management team, led by the principal and including teachers, parents, counselors and other school staff, is empowered to set overall policy for the school. Parental involvement in the school is increased dramatically, with parents being recruited to organize school events and to serve as classroom assistants. Focused intervention is provided by a mental health team for children who have emotional, behavioral or academic problems. Figure 3-2 summarizes how these components work to create positive growth for children and adolescents.

Students in 2 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 2 of the subsequent 9 years. Graduates of one of the demonstrations were compared with their counterparts 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 did the comparison youth. More recent evaluations have documented successes in cities like Paterson, New Jersey.

**FIGURE 3-2**



As a result of the demonstrated success, the School Development Plan has been replicated widely in inner-city schools, also with demonstrable success. It now is operating in over 650 schools in 28 states, Washington, DC, and other nations. 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 (in spite of the difficulties low income adults can have in volunteering).

### **New Vision: Schools Small Enough To Engage Every Child**

Small schools, in the words of the Annie E. Casey Foundation, “nurture positive teacher- student relationships; provide more instructional flexibility to respond to kids’ specific learning styles; and provide a safer, more secure educational climate.”

New Vision schools are a good model. A number of secondary schools in New York City have created small, supportive learning environments that carefully engage all students. Since 1992, the 21 New Vision Schools have shown higher attendance rates and lower dropout rates than other public schools in the city. Students in New Vision Schools are performing at above- average levels of academic achievement.

One such school is the Academy for Peace and Justice operated by El Puente, a community-based organization in Brooklyn, New York. As co-director Luis Garden-Acosta explained:

*Unless we were able to create a safe bridge (el puente) for growth and empowerment, our children would never be safe. But from the very beginning we knew we would have to take on the education system. If we didn’t deal directly with the educational system, nothing would change.*

The Academy, as an integral part of the total El Puente organization, is open 12 months a year from 8:00 a.m. to 9:00 pm. The Academy is seen by its founder to be an academically and developmentally focused school as opposed to a second chance or alternative school. As one observer noted, schools like El Puente “aren’t aiming simply to be mainstreamed into the city’s factory style of education. They want to displace it. Engaging the classroom as community and the community as classroom, teams of students create community development projects promoting peace and social justice.

El Puente Academy works to:

- Create a place for young people where they feel safe, respected, and cared for so they can learn.
- Build a young person’s positive sense of self through the curriculum.
- Integrate book learning with community projects, with family, and with community.
- Give back to the community — nurturing a sense of responsibility to others.

The staff of El Puente is multicultural, and there is no hierarchy among directors, volunteers, facilitators (teachers), and part-time staff. Every effort is made to connect schooling to real life experiences. El Puente students pursue Environmental Community Service projects that develop math and science skills by actually measuring the toxic perils that surround them. One humanities class has made a documentary video on the dangers of a proposed incinerator for the



nearby Navy Yard, an English class focuses on the hip-hop movement, and biology students work on immunization drives.

The Academy provides breakfast and lunch to its students. Half of the students stay for extended day programs such as tutoring, leadership, and the arts. Other students from the community also come to El Puente after school. El Puente is in the process of expanding its wellness center to establish a family health clinic. It also has partnerships with the Metropolitan Museum of Art and the Brooklyn Academy of Music. Parents are encouraged to be involved with the Academy through a Parent Action Center which runs leadership workshops, computer technology and other adult-education classes, and support groups.

In its first year, the passing rate was 100 percent for El Puente students compared to Eastern High School where only 25 percent of the students graduated. After the school's first 18 months, the students outscored their counterparts in other schools on basic measures of reading and mathematics.

### **Turning Points: Holistic, Integrated Models**

In its report, *Turning Points: Preparing American Youth for the 21st Century*, the Carnegie Council on Adolescent Development called for reform of middle schools, for 10 to 15 year olds. The report centered reform on these principles:

- Large middle grade schools should be divided into small communities for learning that foster relationships between adults and students.
- All students should meet with success in acquiring a core of common knowledge and skills.
- Teachers and principals should be given the authority to make the key decisions necessary to transform middle grade schools.
- Teachers should be specifically prepared to teach young adolescents.
- Schools should promote good health; the education and health of young adolescents are inextricably linked.
- Families should be engaged with school staff in enhancing their children's education, and schools should be connected with their communities.

Fifteen states and their local school districts to implement these broad principles. The national evaluation was directed by Professor Robert Felner at the University of Rhode Island. Comparisons were made between the level of implementation of these principles by middle schools and the outcomes as measured by indices of student achievement and adjustment. Significantly for this report, the evaluation broke out this relationship for the case of at-risk students. Figure 3-3 shows that there were enhancements in achievement and adjustment — beginning at the point where schools began to seriously and substantially implement the principles. The evaluation concludes:

*It should not be surprising that it takes fairly comprehensive and intensive levels of implementation for the suggested changes to produce major gains in all spheres of functioning of high-risk students. Often these students live in community environments that may be high in stress and low in opportunity and resources. However, our findings to date strongly support the view that high- quality schooling, well implemented, can make profound contributions to the achievement, mental health, and socio/behavioral functioning of students who are often left behind and for whom there is often a sense that school cannot make a difference in their lives. These data also argue for resources to be used effectively in schools with high concentrations of at-risk students, and, in some instances, for resources to be increased significantly in order to create the necessary conditions for all children to be successful.*

### **Full Service Community Schools**

Especially in inner city locations with troubled schools, children and youth need additional enrichment from community-based institutions. Joy Dryfoos has used the term full service community schools to define a range of models that presently are emerging. “What these programs have in common is the provision of services by community agencies in school buildings — with a view toward the creation of new institutional arrangements.” The key elements of full service community schools include, according to Dryfoos:

- Restructured academic programs.
- Heavy emphasis on parent involvement and services for parents.
- Availability of health centers and family resource rooms.
- After-school activities.
- Cultural and community activities.
- Extended hours — open evenings, weekends, and summers.
- Respect and high expectations for students.

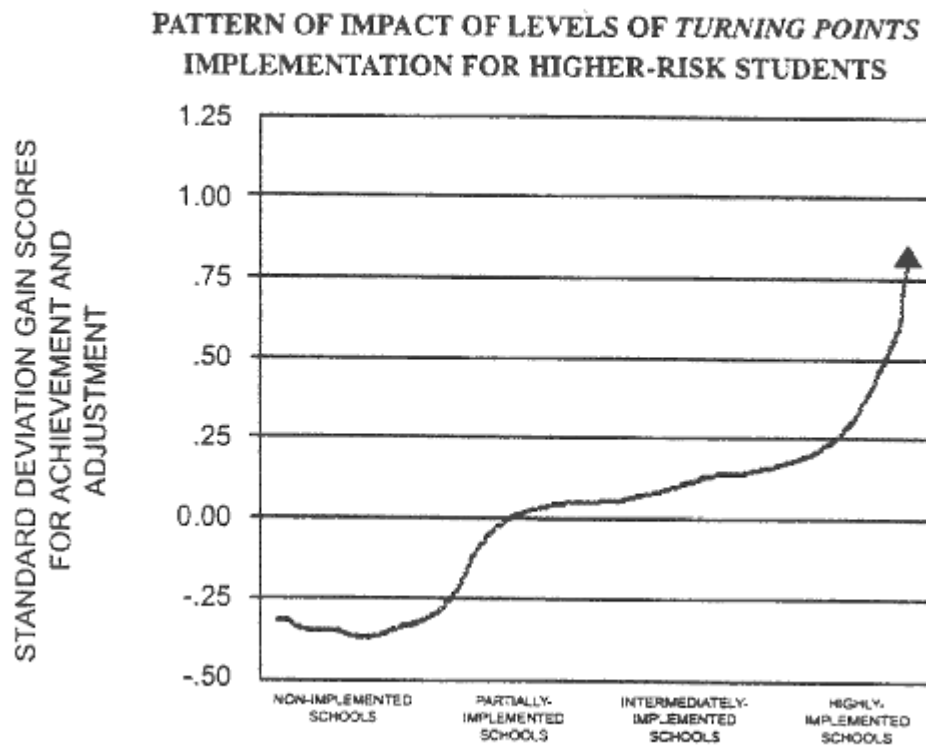
A good example of full service community schools is the Salome Arena Middle Academy (IS 218) — one of 4 schools that is being operated jointly by the Children’s Aid Society and the Community School District 6 in New York City. It is located in a new building in Washington Heights, designed to be a community school, with air-conditioning for summer programs, outside lights on the playground and an unusually attractive setting indicative of a different kind of school. It offers students a choice of 4 self-contained “academies” — Business, Community Service, Expressive Arts, and Mathematics, Science, and Technology. The school opens at 7:00 a.m. and stays open after school for educational enrichment, mentoring, sports, computer lab, music, arts, trips, and entrepreneurial workshops. In the evening, teenagers are welcome to use the sports and arts facilities and take classes along with adults who come for English, computer work, parenting skills, and other workshops. A Family Resource Center provides social services to parents — including immigration, employment, and

housing consultations. A group of 25 mothers have been recruited to work in the Center as family advocates. They receive a small stipend for their services. In addition, a primary health, vision, and dental clinic is on site, as well as a student-run store that sells student products. These facilities, arrayed around the attractive lobby of the school, are open to the whole community. School-supported and Children's Aid Society-supported social workers and mental health counselors work together to serve students and families. The school stays open weekends and summers, offering the Dominican community many opportunities for cultural enrichment and family participation.

In *Safe Passage*, Joy G. Dryfoos reports, "During a recent visit to the school, I observed a scene that confirmed my conviction that community schools offer great potential for the future of our children and their families. In the library were "triads," hard at work over Spanish lessons. The teaching team consisted of a student and a parent, and the scholar was a policeman. IS 218 had taken on the task of instructing the local precinct in the language of the neighborhood, and the police officers, mostly white and non-Hispanic, were reciprocating by inviting these families to visit the police station and stay in touch." This innovative intervention, combining important educational lessons with parental involvement and social supports, came about through the collaborative efforts of a school system, a community agency, and the local police precinct. Children Aid Society coordinator facilitated the invitation to the precinct and arranged for the participation of the school in designing the instructional components. This collaboration between a community organization and police officers serving as mentors was not unlike the success documented, later in this chapter, with youth safe havens that share the same space with police ministrations.

Preliminary evaluations show that the students in this school have increased their achievement scores compared to other district schools. Attendance is up, and delinquency in the neighborhood on the decline.

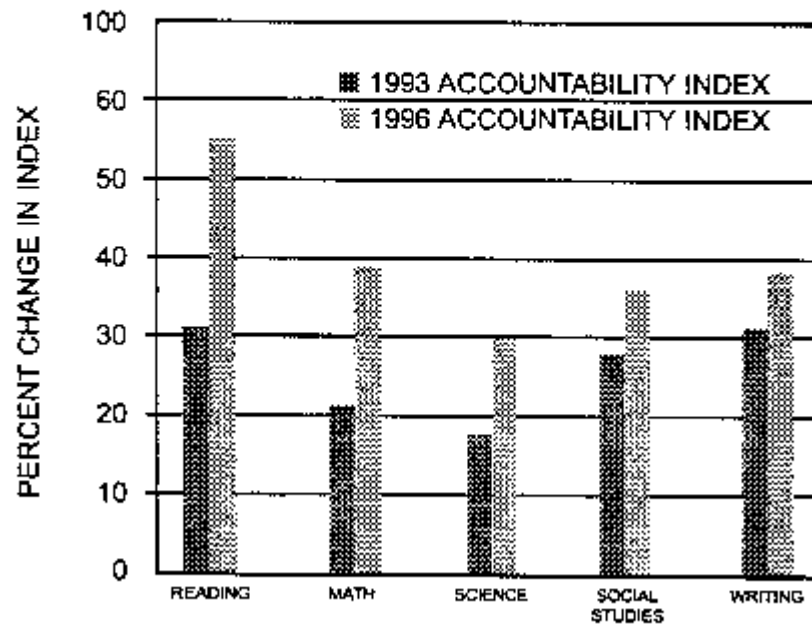
**FIGURE 3-3**



Source: Felner, *et. al*, 1997.

**FIGURE 3-4**

**PROGRESS AMONG 4TH GRADERS IN KENTUCKY, 1992-1993 AND 1995-1996**



Source: Kentucky Department of Education

Although not nearly as comprehensive as the Salome Arena Middle Academy, family and youth service centers have been developed in Kentucky, which illustrate the possibility of state- wide full service community schools in the future. Small grants have been given to 142 Kentucky school systems for youth service centers to set up a designated room in the school with a full-time coordinator. The coordinator oversees referrals to community agencies for health and social services and facilitates on-site counseling related to employment, substance abuse, and mental health. In addition, there are 303 Family Resource Centers in Kentucky elementary schools. They provide parent education and refer parents to infant and child care, health services, and other community agencies. In 75 locations, a combined Family and Youth Service Center is being operated in the school. Figure 3-4 shows the progress of fourth graders in Kentucky who have benefitted from the Centers, as well as other educational reforms, like stronger preschool and restructured curricula. The bars in Figure 3-4 show progress of fourth graders toward meeting long term goals. The 1993 bar represents a year near the beginning of the reforms and the 1996 bars shows relative progress since then.

For high school students, an evaluated model that takes steps toward full service community schooling with an eye to school-to-work transitions is Project Prepare

in Chicago — a comprehensive academic and vocational skills training program for at-risk teenagers in inner city Chicago public high schools. Implemented by Youth Guidance, Inc., a citywide nonprofit community organization, the initiative offers intensive job skills training linked to job placement Figure 3-4 (PROGRESS AMONG 4TH GRADERS IN KENTUCKY) and counseling. One key component of Project Prepare is an arrangement with local businesses that helps train students in exchange for offering them jobs upon completion of the program.

Two hundred and seventy-two students in 3 schools participated in the first year of the program. Another 227 students served as a comparison group. (They did not participate in the program but continued in standard vocational education courses.) Upon entry into the venture, both program youth and comparison group youth 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 high school, the Roberto Clemente Community Academy, and in lesser degrees at the 2 other schools. As might be expected, full implementation yielded stronger improvements in students' attendance, job readiness, and retention rates.

At Clemente, the Hyatt Hotels Corporation built a state-of-the-art kitchen to train students in culinary arts, donated a chef from Hyatt to train them, and instituted a 3-year curriculum and internship program. Students liked the food vocational education program because of the high- tech equipment. They also gave high grades to Hyatt, for its serious commitment, and to the dynamic teachers and counselors. The annual operating cost of the program, including the corporation's donation, amounts to less than \$2,000 per youth.

An Eisenhower Foundation evaluation of the first year of the program 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 for Clemente Project Prepare students were 13 percent lower than for comparison students. As a result, Youth Guidance has replicated Project Prepare in other locations in Chicago.

Any program such as this, which reduces drop out rates, also is significant because of the powerful link between school failure and criminal behavior that has been found in many studies.

Project Prepare holds promise, as well, because most other attempts to blend high school and job training have been unsuccessful in the U.S. By contrast, Germany probably has the most advanced model in the world for vocational training and apprenticeship. In Germany, approximately two-thirds of the country's students participate in a formal apprenticeship program. It offers training in 375 occupations. A social compact promises a job when they are finished. German

students not planning to attend college usually choose their occupation as young as age 14. The dual system of work and study forms the core of career training in Germany. However, this formula seems to be somewhat inappropriate for American values. 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. The approach of Project Prepare appears to better combine democratic principles with job training and opportunity.

### **Charter Schools**

About half of all states have passed legislation that allows local citizens to organize and apply for a charter to establish a new school or redesign an existing school. All such charter schools use public funds. Some of the innovations being tried are based on scientifically proven models, like the preceding examples. Some are not. Some are being carefully evaluated, some not. It is too early to generalize nationally about what does and does not work, based on scientific findings. But the charter debate has been muddled, and is likely to remain so, because the issue has such deep political undercurrents. The pro-charter school position typically is aligned with supply-side economics and a faith in the market. Opponents point out that excess reliance on the market is undemocratic and is based on questionable moral values, as discussed in Chapter 2. They also emphasize that charter schools drain critical resources from public school systems. Critics argue that reforms should be carried out, but within public school systems, as the Comer Plan and full service community schools have demonstrated is feasible and cost-effective. The charter school assert that government must have a firm commitment to education, even though public school bureaucracy must be significantly streamlined. We endorse this position, which is in keeping with the recommendations of the Kerner Commission, and build on it in our policy recommendations in Chapter 6.

### **Investing in Public Schools**

The principles of the models that work — like decentralized teacher-principal-parent management, smaller classes and full service community schools — are ready for more replication, and require increased investments in our urban public school systems. In Chapter 6, we recommend a new quasi-governmental Safe Passage Commission to fund and replicate the models.

Presently, the largest federal educational initiative for educating disadvantaged public school children and youth is Title I of the Elementary and Secondary Education Act. Funded at about \$7B per year, Title I provides for 25 minutes of separate tutoring per day for disadvantaged children. Evaluations have shown that Title I has improved participants' reading and math scores by 15-20 percent, compared with similar needy youth. However, critics find that not enough funding reaches the nation's poorest schools. Supported by the Edna McConnell Clark

Foundation and the John D. and Catherine T. MacArthur Foundation, an independent commission has released a report, Making Schools Work for Children in Poverty. In 1994, Title I was amended to allow more involvement of parents and community agencies in school wide programs. In Chapter 6, we recommend that Title I funds should be redirected to the new Safe Passage Commission to help finance more comprehensive reform based on the preceding models.

We need a national policy of greater equity in urban school financing, as set forth in Saving Urban Schools by the Carnegie Foundation for the Advancement of Teaching, and as advocated by the Kerner Commission. Carnegie calls for more investment in public inner-city schools and a commitment to educate all children, even those from the most difficult backgrounds. Consistent with the funding by the Safe Passage Commission recommended in Chapter 6, Jonathan Kozal has concluded (emphasis added):

[T]he children in poor rural schools in Mississippi and Ohio will continue to get education funded at less than \$4,000 yearly and children in the South Bronx will get less than \$7,000, while children in the richest suburbs will continue to receive up to \$18,000 yearly. But they'll all be told they must be held to the same standards and they'll all be judged, of course, by their performance on the same exams.

Slogans, standards and exams do not teach reading. Only well-paid and proficient teachers do, and only if they work under conditions that do not degrade their spirits and demean their students....

*Money, as the rich and powerful repeatedly remind us, may not be "the only way" to upgrade education, but it seems to be the way that they have chosen for their own kids, and if it is good for them... it is not clear why it is not of equal worth to children of poor people....*

### **Community Based Youth Development**

There is evidence that youth initiatives to keep kids out of trouble and prepare them for responsible adulthood have worked during the hours when high-risk children and youth are not in school and during summer months. Such successes tend to be run by nonprofit organizations, not government (though the public sector typically provides some of the funding). These initiatives are a logical extension of preschool investment in children. They amount to investment in elementary and middle school children and youth. The investment secures guidance and discipline after school by responsible adults, usually in safe havens, extended family settings and various forms of structured and unstructured youth centers. From reputable scientific evaluations, we have concluded that success is as likely to come from unaffiliated, indigenous nonprofit youth development



programs as from national nonprofit organizations that work through local affiliates. Consider both unaffiliated and national examples.

### **Successes by Unaffiliated, Indigenous Nonprofit Youth and Community Organizations**

Good models of evaluated success include Centro Sister Isolina Ferre in San Juan, PR, the Dorchester Youth Collaborative in Boston, MA and Fairview Homes public housing in Charlotte, NC.

**Centro Sister Isolina Ferre.** Centro Sister Isolina Ferre is the best example of youth investment combined with community regeneration that we have found anywhere in the United States. Begun in the 1960s in Ponce, the second largest city in Puerto Rico, Centro began replication in San Juan in the late 1980s. Centro's founding premise is that, "If family and community can be strengthened, and meaningful employment made available, it might be possible to make substantial progress in the struggle against neighborhood crime and violence."

In San Juan, Centro operates in the semi-rural Caimito neighborhood — characterized by a very high dropout rate (averaging 30 percent), high unemployment of close to 50 percent among adults and 80 percent among youth, and extreme poverty in which 70 percent of the families receive public assistance. According to police reports, Caimito constitutes one of the highest delinquency and drug dependence communities in San Juan. Caimito also is the most remote part of San Juan, and so delivery of public services to Caimito has lagged behind the rest of the metropolitan area. For example, the first police station was opened in 1985. There is no public health clinic in Caimito. The present day school system is overloaded, and school violence is common.

In the midst of this environment, Centro is located on a beautiful park-like campus. The campus includes a residential police ministration at its entrance way, a central building with classrooms and administrative offices at the bottom of the palm-tree lined driveway that begins with the ministration, a series of A-frame buildings that hold classrooms, workrooms and businesses, a tree nursery and a recreational area for soccer, basketball and other sports.

Centro in San Juan runs 10 interrelated programs with a staff of 56. During the day, an alternative school program successfully works with dropouts on school remediation and the acquisition of general education degrees. A computer literacy and office skills training initiative, using the IBM equipment, has students attending 30 hours per week. Adults attend cooking classes and other events. Young mothers can attend classes while their children are cared for in a baby nursery. Immunizations and screenings are provided on-site by the Health Department. After school, a special safe haven program for 6 to 12 year olds involves many youngsters in arts, remediation, sports, and culture.

One building is used for the honey bee project — begun to train high school dropouts and to self-employ them as beekeepers and producers of bee byproducts. In Puerto Rico, pure bee honey is in demand, but it is currently not mass produced locally. The project began with 5 beehives provided by the U.S. Department of Agriculture. The honey and wax processing facilities are located at Centro.

A huge tree nursery, the Horticultural Project was opened by Centro with support from the Conservation Trust of Puerto Rico, after a hurricane demolished much of the coastal vegetation several years ago. Centro had to promise to produce 100,000 baby trees in its first year as a condition of the grant. In Centro's semi-rural location, the project has thrived — and serves as a visual affirmation of hope and respect for the community. In 1996, a grant of \$500,000 from the Rural Economic and Community Development Administration of the United States Department of Agriculture expanded the nursery and generated jobs for 15 Caimito residents. Sales now average \$6,000 to \$7,000 per week. As of 1997, the ambitious program had produced 600,000 trees for reforestation of the devastated areas.

Almost all programs are designed to increase the leadership, confidence and competence of community youth — many of whom come to Centro while they still are gang members. The most important innovations at Centro are the “intercessors” or advocates — young, streetwise, paid staff members drawn from the community. The advocates work with youth in trouble or on the verge of trouble. The advocates mediate among these youth, the community, the schools, the police and the rest of the criminal justice system. The role of advocates proceeds far beyond individual counseling or mentoring. Advocates are charged with “getting to know the youth and his or her peers and family, looking into the school, family and work situation, and understanding the day-to-day behavior of the youth.” Advocates involve youth in the full range of developmental programs at Centro — including job training, recreation, and tutoring. The police work closely with the intercessors, often calling them when a youth is on the verge of serious trouble. If arrests are made, advocates help youth in the court system.

The police ministration on the campus at its entrance is a pleasant looking 3 level structure. Residential quarters are on the top floor, ministration offices are on the ground floor and an IBM computer training education center is on the lower level. The residential presence of a police officer helps to protect the IBM equipment and to create a sense of safe haven security for the entire campus.

Several different officers — male and female — have lived in the ministration, all with their spouses and families. Non-residential officers, a civilian ministration director and advocates work out of the ground floor offices. The residential officer typically is someone who grew up in the neighborhood and usually tries not to make arrests. This helps engender trust. Arrests are made, but generally by other officers. Ministration police mentor youth, organize sports teams, make visits

to schools and residences along with advocates to focus on the needs of specific youth, and are trained by Centro staff.

Advocates and police practice problem-oriented policing. For example, when the ministration began and mistrust of police by the community was high, a complaint was made by a family in the neighborhood about a dead cow that was in their yard. Both the City Sanitation Department and the Health Department refused to take away the cow. Finally, the residential koban officer and other koban police brought in a can of gasoline and cremated the cow. This made a great impact on the citizens, who increased their trust in and support of the police as a result of the experience.

After Centro San Juan began replication in the late 1980s, it built up an annual budget of about \$500,000. Centro secured local funds to build the police ministration. The following year, the Eisenhower Foundation subgranted funds from the U.S. Justice Department to Centro and arranged for local matches. Three years of funding were secured. Table 3-1 shows the amounts, so the reader has a sense of the modest investment level needed for success by grassroots nonprofit organizations. The Justice Department funds were used mainly for the salaries of Table 3 -1 civilian advocates and their supervisors, and to develop a training curriculum for police at the Puerto Rico Police Academy. Some of those trained then were assigned residential or nonresidential duty at the Centro ministration, and their salaries and benefits were counted as local matches. The evaluation assessed the combined impact of the very comprehensive, interrelated mix of interventions that had been carefully orchestrated by Centro.

**Table 3 -2**  
**Funding for the Dorchester Youth Collaborative**  
**Initiative Evaluated by the Eisenhower Foundation**

	Year 1	Year 2	Year 3	Total
Justice Department	\$100,000	\$ 85,000	\$ 45,000	\$227,500
Local Match	\$249,000	\$211,339	\$ 86,100	\$547,339
<b>TOTAL</b>	<b>\$349,000</b>	<b>\$296,339</b>	<b>\$128,100</b>	<b>\$774,839</b>

Source: Curtis (1998)

*DYC is both a program that develops youth and a grassroots means for communicating what works.*

The evaluation measures for changes in serious crime FBI-defined "Index crime," consisting of criminal homicide, aggravated assault, forcible rape, robbery, burglary, larceny and auto theft. Over 4 years (starting when the police ministration was built) serious crime declined by 26 percent in the immediate

Centro neighborhood, increased by 3 percent in the surrounding police precinct and declined 11 percent in the city of San Juan as a whole.

Part of the precinct-level increase may have been due to a police crackdown on drug dealers in central San Juan at the time. Some dealers may have relocated to distant Caimito with its steep rugged hills and narrow twisting valleys. It is easier to hide there. If this interpretation has some merit, then the evaluation suggested that, an exodus to Caimito notwithstanding, the police, intercessors and community had some success in keeping dealer-related crime out of the immediate Centro neighborhood of Caimito.

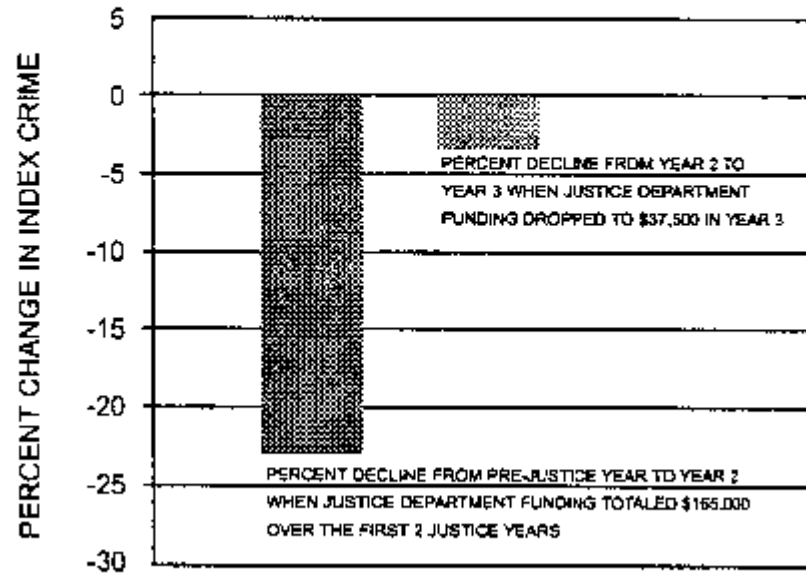
The crime change information from San Juan was combined with such information from three similar community-police programs (in Boston, Chicago and Philadelphia.) For the aggregate, the reduction in the target neighborhood was significantly greater statistically than for either the surrounding precinct or the city as a whole.

The success appeared to be a result not only of the comprehensive mix of program solutions at Centro, but also a product of excellent management — by an intelligent, no-nonsense, tough charismatic, caring, politically savvy, problem-solving nun who assembled a committed, loyal, competent and flexible staff. The director had the skill to both exercise power through personal relationships and to create sound organizational, time, financial and personnel management on a day-to-day basis.

The success of this program replication was mostly during the first 2 of its 3 years. During the last year, Justice Department funding was cut by more than half, because of federal belt tightening. As a result, the dramatic drop in crime during the first 2 years came to an abrupt stop, as Figure 3-5 shows. There was a statistically significant relationship between level of federal funding and positive program outcomes.

**FIGURE 3-5**

**JUSTICE DEPARTMENT FUNDING AND PERCENT CHANGE IN INDEX CRIME,  
SAN JUAN TARGET NEIGHBORHOOD**



Source: Curtis (1998).

The Dorchester Youth Collaborative. The Dorchester Youth Collaborative (DYC) was established in the late 1970s, in Field's Corner, Dorchester, a low income, rapidly changing Boston neighborhood. Today, Field's Corner is racially and ethnically mixed, with large Hispanic, African-American, Asian-American (Vietnamese and Cambodian) and white populations. An extended family safe haven and sanctuary after school and in the summers, DYC provides nontraditional services, activities and advocacy for local youth deemed to be at high risk of delinquency, teen pregnancy, school failure and substance abuse. DYC fills an important prevention gap in Dorchester — between programs for youth who will make it anyway and youth who are deep into the juvenile justice system.

In the early 1990s, the Eisenhower Foundation subgranted funds from the Justice Department and matched them against local resources to create an initiative that combined the civilian counseling, advocacy and prevention that DYC had developed in the 1980s with new roles for police. Table 3-2 shows the amount of funding, with most of the local match covering the salaries and benefits of police who worked with DYC.

Civilian prevention and youth development was led by a full-time, paid neighborhood services coordinator, who also served as counselor for “near-

peers.” This staffer was an adult, but the near-peers he supervised were younger adults who worked for pay part-time, a minimum of three days per week. These near-peers served as role models for the youth in the program. The near-peers were teenagers 2 to 6 years older than the targeted youth who had already successfully resolved many of the crises that the target youth faced — such as recruitment from gangs and from drug dealers. In groups and one-on-one, the near-peers counseled with youth in positive ways.

In addition to help with homework and sporting activities, the priority at NYC was on “prevention clubs,” which provided structured activity around areas of interest identified by youth. For example, 3 clubs — the Center for Urban Expressions (CUE), Extreme Close Up and the Public Speaking Club — developed youth as actors in local productions, presenters in public service announcements and on commercials, hosts of community service television and radio talk shows, stars of community service videos marketed through Blockbuster Video and K-Mart and stars of a Hollywood-financed motion picture, titled Squeeze.

There are a number of community-based programs around the nation which are creating such media productions, in which youth leaders communicate to peers as well as to adults, but none has the cutting edge status of the NYC ventures. There is a great need for a comprehensive, grassroots national media strategy that communicates to the public that we do know what works. The NYC model is integral to the development of such a national media strategy, in our view.

**Table 3 -1**

**Funding for the Centro Sister Isolina Ferre  
Initiative Evaluated by the Eisenhower Foundation**

	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total</b>
Justice Department	\$ 90,000	\$ 75,000	\$ 37,500	\$ 202,500
Local Match	\$ 63,575	\$ 78,575	\$ 60,310	\$ 202,460
<b>TOTAL</b>	<b>\$153,575</b>	<b>\$153,575</b>	<b>\$ 97,810</b>	<b>\$ 404,960</b>

Source: Curtis (1998)

The prevention clubs served as magnets to draw kids into group and individual relationships with NYC adult staff, near-peers, and, as we shall see, the police. The relationships allowed youth to deal with personal problems on a day-to-day and sometimes crisis basis, and also to develop individual skills. Some of the skills had considerable glamour attached to them — like becoming successful

actors and public speakers. There also were jobs for youth who could not achieve “star” status in glamorous roles. For example, these were jobs in scheduling events, producing the art work that was the backdrop for performance videos and live performances, and setting up stage sets. Such skill building was designed to increase the confidence of program youth. The work skills also were displayed to adults in the community through the performances. As a result, skill building served to increase understanding by adults in the community of the youth, and to reduce the fear the adults had in the youngsters.

DYC staff concentrated heavily on problem-solving skills. Such skills included resolving conflicts and expressing feelings through words rather than acting them out through, for example, violence. Adult staff and near-peers sought to reduce episodes in which youth would “tear down” each other. Such behavior was particularly common among younger kids who began at DYC—who really didn’t know how to fight fairly. Their behavior often was a natural result of the trauma and desensitization they experienced by being exposed to violence. By contrast, older youth had successfully graduated to making jokes about each other, but not doing it in a negative, “tearing down” way. The older youth could laugh at themselves without becoming defensive or self-defeating. They expressed themselves through love rather than disregard.

In turn, such skill building was related by DYC staff to preemployment training, employment training and placement. Over the summers, about two-thirds of the targeted youth were placed in summer youth employment programs, coordinated by the City of Boston, a community development corporation and private-sector businesses. During the summer, DYC also functioned like a camp, operating from 9:00 a.m. to 1:30 p.m. The scheduled activities included pool, bowling, art, Afrocentric and multicultural education, basketball, swimming, breakfast and lunch.

Police then were brought into the process of outreach, counseling, mentoring, and skill development. This was a radical innovation for Fields Corner, because, in the past, police had always been viewed as the enemy. Two young African-American officers became, in effect paid, part time adult staffers and near-peers, making regular visits to the safe haven three times a week. Initially, there was a considerable degree of mistrust by the youth of the police, and vice-versa. Yet bonds formed, and the officers ended up counseling youth on personal matters and receiving calls from the young people during off hours. Often relationships became deeper as a result of crises, as when a local teenager was killed and the DYC youth and officers sat down to discuss their feelings.

Nationally, the NBC Today show covered the program in 1994, and the President and Attorney General featured it that same year in a Washington, D.C. rally at the Justice Department for the Crime Bill. One youth, Eddie Kutanda, was asked to speak:

*I'd like to thank President Clinton and Attorney General Reno for being here. I'd like to introduce community police officers Harold White and Tony Platt. And I'd like to introduce two friends of mine, Tyrone Burton and Fung Du Ung. They're in my acting group, Extreme Close Up, at the Dorchester Youth Collaborative. We do writing and acting. Back in the days, I used to hate the police...Harold and Tony have changed all that.*

The one-on-one and group counseling of youth was complemented by community-based footpatrols in the neighborhood and joint DYC-police planning and neighborhood outreach to businesses and community organizations.

Over 3 years of Eisenhower Foundation evaluation, serious (FBI Index) crime declined by 27 percent in the target Field's Corner neighborhood, 20 percent in the surrounding precinct and 11 percent for the city of Boston as a whole. For statistical analysis, the data from Boston were combined with data from three similar community-police programs (in San Juan, Chicago and Philadelphia). For the aggregate, the reduction in the target neighborhood was significantly greater statistically than for either the surrounding precinct or the city as a whole.

Throughout the program, there were regular planning and management oversight meetings between DYC staff and the Boston police. We concluded that this consistent attention and dialogue was a major factor in the program's success.

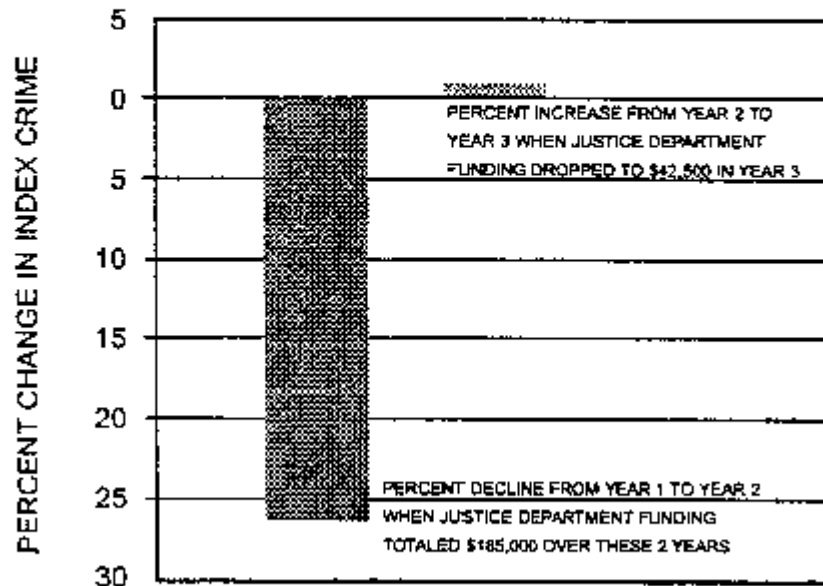
The safe havens represented by DYC and Centro Sister Isolina Ferre are the kind of settings advocated for in the influential Carnegie Corporation report, *A Matter of Time: Risk and Opportunity in the Nonschool Hours*.

DYC was one of the nonprofit groups which had its funding sharply reduced by the in its third year, as a result of federal budget belt tightening. (See Table 3-2.) As a result, all the success of the program occurred during its first 2 years, of full funding, and crime actually increased in the last year when funding was slashed, as Figure 3-6 shows. Like Centro Sister Isolina Ferre, there was a statistically significant relationship between level of federal funding and positive program outcomes.



**FIGURE 3-6**

**JUSTICE DEPARTMENT FUNDING AND PERCENT CHANGE IN INDEX CRIME,  
BOSTON TARGET NEIGHBORHOOD, EARLY 1990s**



Source: Curren (1998)

**Fairview Homes.** Nonprofit organizations based in public housing also have documented success. For example, in 1979, as part of the President's national urban policy, the Charlotte, NC Public Housing Authority received \$450,000 from 4 federal departments — Housing and Urban Development, Health and Human Services, Labor, and Justice. The monies were used primarily to hire staff to run demonstration programs at Fairview Homes during a 2 year period. Program staff 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 16 adult residents and former residents was hired, and jobs also were given to 48 high-risk youth, 16 to 19 years of age.

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

The program initially was designed as an anti-crime initiative, for the most part. Crime rates in Fairview Homes, as measured by police statistics, declined throughout the duration of the program. Crime in the remainder of the census tract and within the City of Charlotte rose. Police data indicated that the most dramatic decreases in crime at Fairview Homes occurred for serious assault, robbery, and burglary. Crime rates, based on interviews with residents, also decreased. Among the high-risk youth employed between the early 1980s and the late 1980s, only 3 of the 48 youth were arrested for a serious crime (drug dealing and assault), based on housing authority and police records.

The Fairview program was founded on the assumption that public housing residents were able to deal with their own problems. The program 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....Rather than talking to and 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 an initial 2 years of funding, Fairview Homes fought severe fiscal constraints. Federal funding cutbacks during the 1980s undermined the drug and alcohol component just as it was beginning to make gains. Nevertheless, funding from private foundations, local government, HUD and other sources has kept the program alive over the years and it has been extended to other housing properties within the Charlotte Housing Authority.

### **Successes by National Nonprofit Youth Organizations**

Notable recent evaluated successes with high-risk youth by national nonprofit organizations which implement via their local affiliates include the Boys and Girls Clubs of America, the Opportunities Industrialization Centers of America with its Quantum Opportunities Program and Big Brothers/Big Sisters.

**Boys and Girls Clubs in Public Housing.** A Columbia University comparison group evaluation of Boys and Girls Clubs in public housing projects serving youth around the nation found that projects containing a Boys and Girls Club had crime rates 13 percent lower than projects without a Club. Prevalence of drug activity was 22 percent lower in housing projects with a Club, the evaluation found, while crack presence was 25 percent lower. “The influence of Boys and Girls Clubs is manifest in (youth) involvement in healthy and constructive educational, social

and recreational activities,” the evaluation concluded. “Relative to their counterparts who do not have access to a Club, these youth are less involved in unhealthy, deviant and dangerous activities.”

**The Quantum Opportunities Program.** Funded by the Ford Foundation, the Quantum Opportunities Program initially involved 4 years worth of intervention (from 1989 to 1993), beginning with entry into high school. Program youth and control group youth were randomly assigned from families on welfare in poor neighborhoods and evaluated in 4 cities — Oklahoma City, OK; Philadelphia, PA; Saginaw, MI; and San Antonio, TX. The national Opportunities Industrialization Centers of America implemented the 4 programs.

The year-round Quantum Opportunities initiative operated after regular school hours and during the summer. Program youth received a stipend for community service, money toward college, one-on-one adult mentoring and tutoring, computer skills training and life skills training.

The stipends amounted to \$1.33 for each hour of participation. For every 100 hours, program youth received \$100 bonus payments and an amount equal to their total earnings, which accrued toward college or post-secondary training. The financial rewards became an incentive for students to continue in the program and welcome extra income for financially strapped families. Over 4 years, students spent an average of nearly 1,300 hours in program activities. The average cost per participant was \$10,600 over 4 years, or about \$2,650 per year.

By the end of the program, a Brandeis University evaluation found that 63 percent of the Quantum Opportunities Program participants graduated from high school, 42 percent were enrolled in a post-secondary program, 23 percent dropped out of school, 24 percent had children and 7 percent had arrest records. By contrast, of the control group, 42 percent finished high school, 16 percent went on to post-secondary schools, 50 percent dropped out, 38 percent had children and 13 percent had arrest records.

Importantly, we believe, the Brandeis evaluation concluded:

[T]he varying success of the programs in recruiting youngsters has more to do with the quality of the staff, the availability of an effective service concept, and mundane management considerations than the nature of poverty in the community, the characteristics of the children, the service design or other “external” variables.

For example, of the 4 sites, the most successful was Philadelphia. The difference between Philadelphia and the other sites could not be attributed to the program model, the characteristics of participants or the neighborhood setting. The distinguishing factor appeared to be more ownership by the host organization in Philadelphia and greater staff commitment at all levels.

With Ford Foundation and Labor Department funds, Quantum Opportunities now is being replicated in 5 new sites by the Opportunities Industrialization Centers of America.

**Big Brothers/Big Sisters.** In a recent evaluation, Public/Private Ventures assessed the largest one-on-one mentoring program in the U.S. — Big Brothers/Big Sisters of America, which currently maintains through its chapters across the nation 75,000 active matches between a volunteer adult and a youngster. Public/Private Ventures undertook a control group evaluation of 959 10 to 16 year olds who applied to Big Brothers/Big Sisters in 1992 and 1993. Sixty percent were boys, and about half were racial minorities. Of the racial minorities, 70 percent were African-American. Almost all lived with one parent. Many were from low income households. They were randomly assigned to treatment and control groups. Pre-post measures were taken 18 months apart. Youth with volunteer mentors met with their mentors for an average of about 12 months. The meetings averaged about 3 times per month and each lasted about 4 hours.

Youth with mentors were 46 percent less likely than controls to initiate drug use and 27 percent less likely to initiate alcohol use during the study period. They were nearly one-third less likely to hit someone and skipped half as many days of school as control youth. They felt more competent about their ability to do well in school and received slightly higher grades by the end of the study. They reported more positive relationships with their friends and parents. These effects were sustained for both boys and girls and across all races.

The evaluation found that most volunteer mentors and youth cannot be simply matched and left to their own devices. They needed to draw on Big Brothers/Big Sisters paid staff and on the program's permanent infrastructure. In particular, the evaluation found that success required:

- Screening by paid staff to select adults most likely to be good mentors.
- Orientation and training of those screened as the best volunteers.
- Ongoing supervision, monitoring and support of volunteers by paid, professional staff.

The mentors were volunteers. But the costs of this support from paid professional staff members who were part of the infrastructure of the organization averaged to about \$1,000 per youth per year. The evaluators concluded that this \$1,000 per youth was crucial for success.

The evaluation raises crucial issues about replication of success to scale. Public/Private Ventures observes, "By some estimates, there may be anywhere from 5 million to 15 million youth who could benefit from being matched with a mentor — with about only one-third of a million mentors now in place." Given the limitations of volunteerism documented in Chapter 2, it is legitimate to ask

whether 5 to 15 million qualified volunteer mentors who may be needed actually will come forward and be trained. *With a cost of \$1,000 per youth per year effective one-on-one mentoring, will we be able to come up with the \$5B to \$15B per year that may be the price tag for screening, orientation, training, supervision, monitoring and support? Would alternative uses of such funding — like the \$6B to \$7B needed to provide Head Start to all those who qualify, or an effective employment program for welfare recipients and out-of-school youth — be more cost-beneficial?*

Whether or not volunteers are involved, mentoring has not yet proven to be the kind of panacea that is advocated by some. For example, a review for the U.S. Office of Juvenile Justice and Delinquency Prevention in 1995 concluded:

The evidence from the 10 available evaluations [4 with control groups and 6 with comparison groups] consistently indicates that noncontingent, supportive mentoring relationships do not have desired effects on outcomes such as academic achievement, school attendance, dropout, various aspects of child behavior including misconduct, or employment.

The Quantum Opportunities Program, reviewed above, used mentoring, but only as part of a number of complementary interventions. Similarly, in the Eisenhower Foundation's evaluations of Centro Sister Isolina Ferre and DYC, discussed earlier, we concluded that success was based on a complementary array of multiple solutions to multiple problems.

Our findings in the youth development-police evaluations did not lend support to the assertion that one-on-one mentoring by volunteers in non-safe haven settings necessarily is the most effective or cost-beneficial intervention for high-risk youth. When the greatest impacts occurred in these replications, paid civilian and paid police staff were more responsible than volunteers. Recruitment of qualified volunteers with time to give was difficult in the low income neighborhoods where the replications were carried out. When volunteers had an effect, they usually came from the immediate neighborhood, not from the middle class suburbs. To the extent that they were effective, volunteers were helped by the geographic base of the safe haven. In these replications, we do not believe that counseling by volunteers at just any location would have been as helpful as counseling at the safe haven (although excursions to outside events were part of the mix used by both paid staff and volunteers).

The safe havens where counseling took place in our replications were not just hang-out rooms. For the most part, they were the headquarters of the grassroots nonprofit agencies that received the grants. These grants, and the publicity secured through the agreement of the police to work with the nonprofit organizations as partners, helped the agencies to secure matching grants and to build their institutional capacities. The money helped the institutions to better represent impoverished constituencies in a society where the rich are getting

richer and the poor are getting poorer. (Chapter 1.) In modest ways, the nonprofit organizations that were funded had more resources to address broader issues facing the United States. For example, the DYC prevention clubs promoted racial integration at a time when America is becoming more segregated (Chapter 1), and DYC's youth media enterprises communicated what works to national audiences through Blockbuster Video and the motion picture, Squeeze. By contrast, initiatives that rely mostly on volunteerism usually do not build much institutional capacity in grassroots organizations.

If adequately funded, nonprofit youth development organizations can change the lives of individuals and also improve the community as a whole. For both individual and community change, the San Juan concept of the civilian intercessor, or advocate, appears more effective than the concept of a civilian mentor, based on the Eisenhower youth development-police replications. Advocates in San Juan mentor youth. But the advocates have roles beyond that. They are trained to mediate among all players — resolving conflicts, or potential conflicts, among youth, police and community. Perhaps most important, they are assertive change agents who address a wide range of issues affecting the community.

The DYC notion of civilian near-peers also often appeared more effective than the concept of civilian adult mentors. DYC has found that the age of a youth counselor is important. High-risk youth tend to be more receptive to role models who are just a few years older, like near-peers, than to grown adults. It can be easier for a risk-taking 15 year old youth in trouble to be influenced by a cool-but-responsible 18 year old than by a 45 year old banker or carry-out manager.

Accordingly, we believe that too much emphasis on civilian adult mentoring especially the volunteer variety — can lose site of concepts that can be more effective, like advocates and near-peers.

### **Job Training and Placement for Welfare Recipients and Out-of-School Youth**

Successes involving life skills training, remedial education, pre-employment training, job training and job placement can be illustrated by the Ford Foundation's Project Redirection, run in locations around the nation in the 1980s; the Argus Community Learning for Living program begun in the South Bronx; Argus replications, like the Capital Commitment program in Washington DC; the Job Corps nationally; and the Comprehensive Competencies program nationally.

### **Project Redirection and the New Chance Program**

Project Redirection invested in female welfare recipients — giving them the opportunity to secure high school diplomas, train for jobs and get placed. Funded by the Ford Foundation, Project Redirection was for mothers 17 years of age or

younger who lacked a high school diploma or an equivalency degree. Most were eligible for Aid to Families with Dependent Children (AFDC). Implemented by nonprofit community-based organizations in 11 locations during the 1980s, this comprehensive program sought to enhance teens' educational, job-related, parenting, conflict-resolution, and life-management skills — while encouraging them to delay further childbearing until they were more financially independent.

Project Redirection linked participants with existing opportunities in the community and supported these “brokered” services by organizing workshops, peer-group sessions, and individual counseling. One to 5 teen mothers were paired with a female adult counselor in the community. The counselors volunteered to provide ongoing support and friendship to convey values both within and outside the normal program structure. Stipends for participation (\$30 per month, with deductions for unsatisfactory attendance) were provided, along with child care, transportation and recreational services.

Five years after entering the program (and 4 years, on average, after leaving it), Project Redirection participants, although still disadvantaged, showed more favorable outcomes than did a comparison group of young mothers — in terms of employment, earnings, economic self-sufficiency, parenting skills and likelihood that they would enroll their children in Head Start.

Their children were more advanced developmentally vis-a-vis the comparison group. However, there were no differences between program mothers and comparison mothers in terms of educational outcomes, like completion of GEDs.

More positive outcomes for program vis-a-vis comparison mothers were experienced on-site, at the nonprofit host organization's facilities, rather than off-site. This finding is consistent with our suggestion, earlier, that counseling may have more powerful effects at safe haven locations and one-stop-shopping community centers, rather than away from them.

Although program mothers did significantly better than comparison mothers, after 5 years the majority of program mothers did not have diplomas or GEDs, were not working, had received AFDC in the previous year and were living in poverty. The evaluation, by the Manpower Development Research Corporation (MDRC), concluded that this outcome underscored the severe disadvantages faced by such populations of young mothers.

**New Chance.** Project Redirection was a demonstration program which ended — even though its underlying principles have been continued in later demonstration programs. However, in terms of what works for welfare recipients, one of the follow-up demonstrations, New Chance, was not been particularly successful.

New Chance operated between 1989 and 1992. Participants were young mothers who had first given birth as teenagers, had dropped out of school and were

receiving Aid to Families with Dependent Children (AFDC). A total of 2,322 women were randomly assigned to program and control groups. Participants averaged about 6 months in the program, and the cost per participant averaged \$9,000. Participants and controls were assessed at intake, then after 1-1/2 and 3-1/2 years.

New Chance was implemented by 12 nonprofit organizations in as many cities and evaluated by MDRC. The program at each site was implemented in 2 phases. The first phase centered on education and personal development skills. Services were delivered mostly at the program site. This was “one-stop shopping” designed to facilitate participation. Typically, the program ran from 9 am until 3 pm 5 days a week, with daily attendance at all classes expected. Local programs were small in size, serving about 40 participants at any given time. This created an intimate and personal environment in which participants and staff could establish close bonds.

The second phase focused on occupational skills training and work experience — usually off-site. This was followed by job placement assistance.

The evaluation found that participants were more likely than controls to receive a GED degree. This was an improvement over Project Redirection. However, New Chance participants were no more likely than controls to be employed, did not increase their earnings vis-a-vis controls, were no more likely to leave welfare, and had children who were no more likely than the children of controls to be academically prepared for preschool. On these crucial measures, New Chance participants did not perform as well as Project Redirection participants. In addition, the New Chance mothers reported more stress related to their children compared with the control group, were more likely to report behavior problems among children and were more likely to suffer from depression than controls.

### **The Argus Community Learning for Living Program**

In a much more positive mode, the Argus Community in the South Bronx began before Project Redirection, in the early 1970s, has carried on and thrived institutionally, and has experienced even more programmatic success. Argus has many components. One is Argus Learning for Living, a day-time program for high school drop outs including many welfare recipients. Learning for Living is based on:

- Socialization and counseling in a drug-free and violence-free environment.
- A life skills curriculum to prepare youth to be functioning adults who can handle conflicts and manage themselves well on-the-job.
- On-site education and remedial education (including general educational diploma high school courses in an alternative educational setting).
- Job training — on site and before job placement.
- Job placement and follow-up to insure better job retention.



Each part of Learning for Living operates with a consistently applied philosophy. The core Argus philosophy holds that, in inner city locations:

- There can be no political quick fixes (for example, “work first”) or simple solutions with welfare recipients and out-of-school youth. Sufficient time and resources are required.
- No program will work unless it addresses drugs and violence, which foster a sense of insecurity in adolescents and must not be tolerated in program activity.
- There must be development of structure and a value system. Inner city youth and welfare recipients must be deliberately guided into the mainstream, including areas such as dress codes and corporate etiquette.
- Distrust and alienation are normal for young people and welfare recipients in this environment, and program efforts must assume this as a factor in planning.
- Community and bonding are at the heart of program operations. Establishment of an extended family atmosphere is necessary to counter an extremely stressful and threatening external environment.
- Staff should ideally come from the same background as the participants so that they have a personal understanding of the lives of the participants.

This philosophy extends far beyond the assumption that high-risk youth can be turned around by volunteer mentoring, as discussed in Chapter 2.

**Evaluated Success of Learning for Living.** The Eisenhower Foundation evaluated a cycle of out-of-school youth who participated in the Learning for Living Center. Young people, including some welfare recipients, were assessed throughout 20 weeks of training and a follow-up period. Preprogram and postprogram measures were taken 9 months apart on 100 high-risk Argus youth and 100 comparable youth who did not receive training. Among other outcomes, Argus youth received higher salaries and more job benefits than did comparison youth. The results were statistically significant. These quasi-experimental design outcome findings have been complemented by process evaluations undertaken by others. For example, in 1992, Argus was one of 18 New York City programs funded by U.S. Department of Labor job training grants to exceed all evaluation, training, and placement goals. Recent audits of Argus job-training programs have found that no students were involved in criminal activities during these training periods and that 87 percent were placed successfully in training-related jobs. An earlier study funded by the U.S. Department of Justice found that Argus had the best outcomes among 50 New York State programs surveyed in terms of criminal-justice involvement and drug involvement among program youth.

**ACT I.** A related Argus initiative is called ACT I. Whereas Argus Learning for Living is for out-of-school youth, some of whom are welfare recipients, Argus ACT I is entirely for welfare recipients. ACT I has not yet been evaluated in a scientific design, but has provided evidence of high retention rates. Welfare

recipients are trained and placed as drug abuse counselors. Table 3-3 shows the percentage of welfare recipients who have been placed and who still remain working, after different lengths of time. These retention rates appear higher than most other nationally recognized welfare-to-work experiments, like the Local Investment Commission (LINC) in Kansas City (which retains about 40 to 50 percent of welfare recipients placed after about 16 months, even when the program “creams” the best clients). Argus retention rates appear much higher than most state-level welfare reform experiments on which there is information.

Why is retention so critical? Often welfare recipients pass the technical training needed for employment. Not uncommonly, however, they don’t last long on the job — because of problems with non-technical aspects of work — such as not being on time, missing too many days, dressing inappropriately, using inappropriate speech, having poor reading and communications skills, relating poorly to supervisors, resenting directions, being unable to solve workplace conflicts and having substance abuse problems. Operating in drug-free, alcohol-free and crime-free environments, Argus is strong and cost-effective in counseling on corporate etiquette, life management skills, communications skills, conflict resolution skills, child care issues, health issues, housing issues, and transportation to work issues. Most of these issues need to be resolved if a trainee is to stay on the job. This Argus counseling begins during training and continues as part of post-placement follow-up.

Argus experience and training appears tougher than New Chance in terms of self discipline, character development, commitment and responsible personal conduct. Argus also implements life skills and corporate etiquette training more systematically and intensely than did New Chance. Argus training lasts longer than did New Chance. Argus job training usually is onsite, which was not the case with New Chance. Argus has more followup after job placement to insure retention, compared to New Chance. In terms of lessons for national welfare reform, we believe that these differences are important.

**TABLE 3-3**

**JOB RETENTION RATES  
ARGUS TRAINING AND PLACEMENT PROGRAMS FOR WELFARE RECIPIENTS**

	Cycle 1 9/92-6/93	Cycle 2 6/93-7/94	Cycle 3 7/94-4/95	Cycle 4 8/95-6/96	Cumulative 9/92-6/96
<b>Number of Persons Enrolled</b>	35	25	34	66	160
<b>Percent of Enrollees Who Completed Training</b>	74% (26)	76% (19)	76% (26)	71% (47)	74% (118)
<b>Percent of Enrollees Who Completed Training and Were Immediately Employed</b>	73% (19)	100% (19)	100% (26)	98% (46)	93% (110)
<b>Percent of Enrollees Who Completed Training and Were Still Employed as of 9/96</b>	53% (10) (39 Month Retention Rate)	68% (13) (28 Month Retention Rate)	69% (18) (17 Month Retention Rate)	93% (43) (3 Month Retention Rate)	77% (85)

Source: The Argus Community, 1997.

**Job Retention Rates Argus Training and Placement Programs for Welfare Recipients**

**Well-Developed Institutional Capacity.** For Learning for Living as well as for ACT I, Argus appears to work because it has both good programs, and well-developed institutional and management capacity. For example, Argus has multiple income streams that it is able to administer well, despite the fact that funders, especially public-sector bureaucracies at federal, state, and local levels, often create problems and hinder solutions. In speaking of funding agencies, Elizabeth Sturz, the founder of Argus, has praised many bureaucrats but warned that “one compulsive neurotic or one sadist can play Russian roulette with kids’ lives and set our administrative department boiling, hissing and thumping its lid.”

Argus has been able to bring on tough, dedicated, and talented staff as well as install management systems to deal with funding bureaucracies. But the time and expense for such competence is an additional demand on a nonprofit community-based organization that works in the South Bronx with the most troubled youth and with persons trying to get off welfare. The problem is further compounded by the fact that the Argus program is comprehensive. Yet most funders have narrow, categorical requirements for success — what Ms. Sturz calls “slivers of programs.” So Argus must piece together categorical funding in innovative ways from diverse funding sources in order to come up with comprehensive

interventions. The Argus fiscal officer must simultaneously keep track of multiple income streams, each often with complicated reporting requirements, sometimes administered by an unsympathetic contract manager. Such insensitivity to innovative organizations like Argus merely serves to frustrate and complicate unnecessarily the good work they perform.

Argus is strong not only in financial management but in staff development. For example, there is a weekly session with all staff, run by a senior manager, that deals with staff frustrations, possible burnout, aspirations and opportunities for the future.

In terms of implications for national welfare reform, the management capacity of Argus appears considerably greater than that of many of the nonprofit organizations that implemented New Chance.

**Successful Argus Replications.** Argus has been replicated for out-of-school youth (some of whom are welfare recipients) in 2 other locations — at the Model City YMCA in Des Moines, IA, and the nonprofit Capital Commitment program in the Anacostia neighborhood in Washington, DC. An Eisenhower Foundation evaluation of the first year of replication concluded that the principles and practices of Argus had been implemented. Some of the reasons for good implementation appeared to be diligence and quality control by a national replication director working with Argus staff, careful training of local evaluation staff and sound training materials (including an Argus replication guidebook and training video). Earnings and employment rates were higher for Argus youth than for comparison youth in both Des Moines and Washington, DC. In both sites, program participants made more progress toward social and economic self-sufficiency than comparison youth, as Tables 3-4 and 3-5 show. The sample sizes were small, and it will be important to analyze cohorts from later years of training and placement, as well as to assess impact over longer time periods. (This work presently is in process.) But the first year findings were statistically significant.

**Table 3-4**

**Des Moines, Iowa: Selected Preliminary Evaluation Findings**  
**for the Model City YMCA**  
**Replication of Argus**

<b>Currently Holding a Job</b>	<b>Time 1</b>	<b>Time 2</b>
Model City YMCA	19%	44%
Comparison Group	41%	19%

<b>Weekly Earnings</b>	<b>Time 1</b>	<b>Time 2</b>
Model City YMCA	\$195.11	\$222.89
Comparison Group	\$194.33	\$209.67

<b>Steps Toward Self-Sufficiency</b>	<b>Time 1</b>	<b>Time 2</b>
Model City YMCA	1.78	3.34
Comparison Group	2.89	3.70

**Table 3-5**

**Washington, DC: Selected Preliminary Evaluation Findings  
For the Capital Commitment  
Replication of Argus**

<b>Currently Holding a Job</b>		<b>Time 1</b>	<b>Time 2</b>
<b>Capital Commitment</b>		11%	42%
<b>Comparison Group</b>		39%	28%

<b>Weekly Earnings</b>		<b>Time 1</b>	<b>Time 2</b>
<b>Capital Commitment</b>		\$211.44	\$307.17
<b>Comparison Group</b>		\$264.89	\$234.07

<b>Steps Toward Self-Sufficiency</b>		<b>Time 1</b>	<b>Time 2</b>
<b>Capital Commitment</b>		3.47	4.59
<b>Comparison Group</b>		5.00	5.47

The Capital Commitment replication of Argus holds particular promise. Capital Commitment was begun by a husband and wife team with over 20 years experience in the telecommunications field, having worked with Pacific Bell, AT&T North American Communications, SPRINT and MCI. The focus of the program is on disadvantaged inner city residents, homeless individuals, persons on welfare, single mothers, out-of-school youth and individuals in need of re-training. Capital Commitment provides classroom and lab instruction in telephone installation, maintenance and repair — before placement in jobs. Graduates of the program have expertise in all areas of residential, commercial and central office installation. Graduates have historically secured jobs earning more than minimum wage, generally \$10 to \$15 per hour or more. Capital Commitment graduates often move on to positions where they can develop careers in the industry. The organization recently secured a contract for telecommunications installation and maintenance in the Pentagon.

The long run mission of Capital Commitment is to increase minority employment in the telecommunications industry. Although telecommunications is a \$700B industry, less than one percent of employees are minorities and women. Providing more well-trained minority job applicants is a necessary first step to changing this situation.

Capital Commitment wanted to refine its program with some of the socialization, counseling, youth development, remedial education, pre-employment training and corporate etiquette training components of Argus that help insure job retention. Accordingly, the replication has merged these Argus components with Capital Commitment's placement in a high tech industry with upward mobility.

The successful Capital Commitment replication has important implications for welfare reform, we believe. More likely than not, states are placing welfare recipients in any available jobs. In its contract with the state of Texas, the Lockheed Corporation may be creaming the best candidate for such jobs — because Lockheed is paid for the number of persons it places, not for the quality of the jobs, their potential to provide a liveable wage with upward mobility and the potential growth of the industry in which the job was placed. By contrast, Capital Commitment has recognized the need for “training first” and not “work first,” identified an industry with great potential and succeeded in placing minorities in it in good jobs with good wages and considerable future upward mobility. Similarly, Argus Act I (discussed above) stresses “training first” and places welfare recipients in good drug counselor jobs that in great demand. There is a waiting list for the drug counselor graduates. These successes show the potential for a demand side training first welfare reform job placement strategy in which growth industries are systematically identified and strategic plans for placement then are developed.

*Given its successes with replication, Argus is the training first model that we proposed in Chapter 6 for both welfare reform and for reform of the Job Training Partnership Act for out-of-school youth.*

### **Job Corps Job**

Corps is an intensive and comprehensive public sector program that takes seriously the need to provide a supportive, structured environment for the youth and welfare recipients 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 youth. Hence, as in individual community-based, nonprofit programs, like Argus, Job Corps carefully links education and training first, placement, and support services.

Job Corps centers are located in rural and urban settings around the country. Some of the urban settings are campus-like. Others essentially are “street-based.” In the original design, a residential setting provided sanctuary away from one's home. Today, nonresidential variations are being tried.

Job Corps participants are high school drop outs, usually about 16 to 22 years old, and often at risk of drug abuse, delinquency, and welfare dependency. The average family income of Job Corps participants is less than \$6,000 per year, 2 of 5 come from families on public assistance and more than 4 of 5 are high school

dropouts. The typical participant is an 18-year-old minority high school dropout who reads at a seventh-grade level.

In the 1980s, evaluations sponsored by the U.S. General Accounting Office and others included a representative sample of participants from 61 program sites. Participants and comparison youth were matched on age, race, poverty status, and educational level. During the first 6 months after the program, Job Corps participants were 5 times more likely to have earned a high school diploma or general educational diploma than comparison youth. In contrast to comparison youth, program youth experienced improved health, employment, and earnings outcomes over a 4 year period after the program. The program also was associated with reduced criminal behavior. During the program, participants had arrest rates significantly lower than comparison youth, and in the 4 years after the program, participants had significantly fewer arrests for serious crimes than comparison youth.

A later, 1991, evaluation by the Congressional Budget Office calculated that for each \$10,000 invested in the average participant in the mid-1980s, society received approximately \$15,000 in returns — including approximately \$8,000 in “increased output of participants,” and \$6,000 in “reductions in the cost of crime-related activities.”

According to one evaluator, Howard University researcher Robert Taggart, “Naysayers who deny that labor market problems are real and serious, that social intervention 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.”

There have been criticisms in the 1990s of too much violence and drug abuse in Job Corps Centers. Such problems must be taken seriously. But the success of Argus in a drug-free, alcohol-free and violence-free environment demonstrates that Job Corps can refine itself with Argus-type solutions. Another criticism of Job Corps in the 1990s was that the success rate — of youth who move on to a job or full-time study — was too low in some centers. Individual centers can vary. But the overall success rate in the 1980s was 75 percent. Graduates retain jobs longer and earn about 15 percent more than if they had not participated in Job Corps. Given that Job Corps takes the most troubled youth and that the cost of Job Corps (about \$22,000 per year for the residential version) is lower than prison, a 75 percent success rate appears relatively high. For example, compare the 75 percent Job Corps success rate to the success rate of Ted Williams, the last baseball player to bat .400. There may be a need for a clearer national dialogue on relative standards of success. Do those who assert that 75 percent is too low when it comes to minority youth or welfare recipients being in jobs or in school also believe that 40 percent was extremely high for a middle-aged white male getting hits?



## **Comprehensive Competencies**

Comprehensive Competencies is a computer-based individualized instruction approach to teaching basic skills. It is based on extensive research with disadvantaged youth, drop outs and welfare recipients. The franchised system includes computerized management and testing techniques and is being used in over 250 schools and community-based agencies in combination with other education and job-training methods.

The package includes self-paced instructional materials that allow participants to work one- on-one with the computer without risk of the kind of embarrassment that can occur in a classroom setting. 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 studies using comparison groups have shown that participants make significant gains — for example, boosting achievement test scores by a 1.0 grade level in reading and 1.4 grade levels in math for every 28 hours of instruction.

The documented success of Comprehensive Competencies, and the implications for replication, are all the more important based on a new study by the Educational Testing Service, which has found that the nation's poor and minority students have significantly less access to computers in their classrooms than do more affluent children.

## **Welfare Reform in Perspective**

Today, the top national priority when it comes to employment for low income populations is welfare reform. It therefore makes sense to summarize how the successes of the model programs just reviewed can be applied to current welfare reform.

Current welfare reform legislation, passed in 1996, abolished Aid for Families with Dependent Children and replaced it with capped funding, time limits on program eligibility and demanding work requirements. The requirements include “work first.” No training is allowed until a person is placed on a job.

In our experience, “work first” appears to be modeled in part on JTPA for out-of-school youth — a population that includes welfare mothers. As Chapter 2 shows, JTPA for out-of- school youth failed — because there was inadequate training prior to placement and because that training essentially involved placing “trainees” in low-skill work rather than investing in improving their skills. The results were high turnover in dead-ended employment and low job retention rates. In terms of earnings, young men under 22 who were in the program had earnings of \$854 lower than their comparison group, with significantly greater deficits for those who undertook “work first” on-the-job training.

*In other words, in terms of “work first,” welfare reform may be bureaucratic “deja vu all over again,” to quote the late Yogi Berra.*

Combined with the other requirements of current welfare reform, “work first” can mean that, on an average day, a welfare mother with little or no prior work history might, for example, need to rise early, get the children off to day care (which may be inadequate) or school, go to work (which can take a long time), work in a dead-ended job and train at the same time, travel back, pick up the children, make dinner and get everyone to bed. With such a day in mind, Mary Anderson, a “work first” mother in Wisconsin (which is considered ahead of other states in “work first”) wrote this in a letter to the editor of the Milwaukee Journal-Sentinel:

It’s better [according to the governor of Wisconsin] to go to work at a non-living wage, leave your children, suffer stress every moment of the day, worry constantly, and not be able to make ends meet. But at least [the mother] is not on welfare.

I’m sure she [the mother] sees the benefits. They’re readily apparent to me. Sure she’s exhausted, sure she’s scared, sure she may topple off the edge into homelessness at any point. But, she’s off welfare and that’s all that counts. Isn’t it?

What’s ironic to me is the thought that [the governor] most certainly enjoyed a marvelous, picture-perfect Christmas. I’m sure he was able to buy all of the presents he wanted, and had a beautiful tree to put them under.

And yet he presumes to tell thousands of Wisconsin women, who certainly do have jobs raising their children, that their lives are improving under [“work first”].

Let him do what those women do for a while. Better yet, let [the governor’s wife] come to my house, work both of my jobs, inside and outside the home, at my wages, and see what she tells her husband when she comes home.

Of course, he would never do that to his wife or his family.

But he has done it to me and mine.

In addition, “work first” does not acknowledge the evaluated successes of programs that have put training first — like Argus, Capital Commitment, Project Redirection, Job Corps and Competing Competencies. Programs like Argus and Capital Commitment give priority not to placement in dead-ended jobs, but to jobs with living wages in sectors like telecommunication repair and drug

counseling, where there is demand and the potential exists for mobility up the job ladder.

Current welfare reform has been accompanied by many “how to” guides to states and localities — guides that do not, in our view, adequately summarize what has and has not been successful. For example, in one such guide, the Manpower Demonstration Research Corporation (MDRC) points to one of its evaluations. In 3 locations, programs with a “work first” approach had better “welfare and employment impacts” over 2 years than programs in the same locations that gave priority to training first. However, caution is needed on such findings. By definition, clients who work first have more short-term employment and income than clients who choose not to work, but to train so they can develop longer run skills that are transferable among industries where there is potential for employment with upward mobility. Such training guides might be more helpful to practitioners on the front lines if they cautioned their readers about the failure of JTPA for out-of-school youth and of the similarities of JTPA to “work first.” Nor does the MDRC guide remind state and local authorities of the success of training first programs like Argus, Capital Commitment, Project Redirection, Job Corps and Competing Competencies. If such information were included, at least some states and localities might conceivably be better prepared to supplement federal “work first” funds with funds from other sources (including foundations), so that training first could be compared. This would follow the experience with JTPA for out-of-school youth. As JTPA inadequacies became apparent, some local nonprofit organizations supplemented it with more funding to make it more workable.

As current welfare reform now stands, almost all evaluations will be of “welfare first.” We will not begin to secure conclusive findings on “work first” for perhaps 5 years. This is unacceptable. There is a pressing need for new, comprehensive evaluations that, for a comprehensive design across many sites, compare “work first” variations to training first variations. Such scientific evaluations need to look at ultimate outcomes — like whether there was more employment and income, how long workers were retained on the job, whether they learned skills that were transferable to other employment, whether they were placed in industries with genuine job ladders and real upward mobility, whether the family was stable and whether trainees and children were involved in crime. Merely stating that persons are off welfare (something politicians currently are doing) tells us nothing about more accurate long run outcomes.

### **Community Economic Development and Community Banking for Job Generation**

Successes like Fairview Homes, Project Redirection, Argus, Capital Commitment Job Corps and Comprehensive Competencies show how life skills training, corporate etiquette training, remedial education, job training job placement and job retention need to be interrelated. When this is done, there are multiple good

outcomes, based on measures like job placement, earnings, education, crime and dependency.

Placement and retention in actual jobs is the crucial end result of the work of programs like Argus, Capital Commitment and Job Corps. But there are not enough jobs available for the truly disadvantaged, even if they are well trained. (See Chapter 6.) One of the main reasons that supply-side Job Training Partnership Act and enterprise zone programs failed (Chapter 2) was that they generated relatively few jobs. In the public sector today, the federal government does not have a comprehensive policy to generate the jobs needed by the structurally underemployed. Nor do most state and local governments. Nor does the private sector (except for isolated success, like how Youth Guidance and the Hyatt Corporation have generated jobs and how Capital Commitment has worked with the telecommunications industry to generate jobs).

Given these inadequacies, what economic development institutions at the grassroots level are needed to generate jobs for the structurally unemployed? What financing mechanisms? Model examples that answer these questions include the Local Initiatives Support Corporation, the Enterprise Foundation, the New Community Corporation, the Telesis Corporation, and the South Shore Bank. Success for models in the development field is not measured by control group or comparison group evaluations but economic activity, housing and physical construction, businesses opened and jobs created in targeted inner city neighborhoods.

### **The Local Initiatives Support Corporation And The Enterprise Foundation**

The naysaying ideology that nothing works except supply-side economics and prison building resulted in federal urban disinvestment. For example:

- From 1981 to 1992 over about the same time when the richest one percent of the populations received tax breaks that increased their income by 122 percent, federal aid to cities was cut by 60 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 80 percent (inflation adjusted) between 1978 and 1991. Housing assistance for rural families provided by the Farmers' Home Administration also dropped sharply, down 72 percent.
- By 1989, there were over 4 million more poor households seeking apartments with low rents than there were units available in a price range they could afford.
- By 1998, there were only enough publicly subsidized units to house 1 of every 4 families that qualified.

About 90 percent of the low cost housing that now is built each year is financed by tax credits to for-profit corporations that invest money with which nonprofit community development corporations construct or rehabilitate housing for the poor. About 100,000 units per year presently are built.

Much of the nonprofit work is channeled to local nonprofit community development corporations by 2 national nonprofit intermediary organizations — the Local Initiatives Support Corporation (LISC), created by the Ford Foundation, and the Enterprise Foundation, created by the late developer James Rouse. LISC and the Enterprise Foundation co-target federal financing with grants and loans from private foundations.

The community-development corporation concept originated with Robert Kennedy after his famous walk through New York's Bedford-Stuyvesant neighborhoods. The ensuing legislation was sponsored jointly by Senators Kennedy and Javits in 1966. These first-generation were funded by the Ford Foundation and the Office of Economic Opportunity. They included the Bedford-Stuyvesant Restoration Corporation in Brooklyn; the East Los Angeles Community Union in Los Angeles; the Woodlawn Organization in Chicago; and the Delta Foundation/Mississippi Action for Community Development.

Initially, 15 such community-development corporations were formed in distressed urban and rural communities. Today, 2,000 community-development organizations exist, although some of these organizations are very small.

Since the early 1980s, LISC and Enterprise Foundation loans and grants have had a dramatic impact on specific devastated neighborhoods in urban America. For example, they helped restore the Liberty City section of Miami after the 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.

As a result of such success, combined with the withdrawal of federal investment in low-income housing, community development corporations now are the biggest developers of low-income housing in the United States.\*

### **The New Community Corporation**

An example of a pre-eminent community development corporation is the New Community Corporation (NCC) in Newark. Founded by Monsignor William Linder after the 1967 Newark riots, NCC today is an \$80-million-per-year enterprise, housing more than 6,000 people in 10 well-maintained properties, caring for 600 children in 6 day-care centers and providing 2,800 meals daily. NCC has generated jobs for 1,200 people from the neighborhood. NCC has become New Jersey's largest nonprofit housing operation and one of the largest in the country. Monsignor Linder describes NCC as a "network of care," a safe haven for those residents who have never shared in the downtown area's

economic boom. Many NCC staffers began there as high school dropouts but now have master's degrees.

The secret to NCC's funding operations was based on street savvy, financial management skill, tenacity, flexibility and independence. A \$7M loan from the Prudential Foundation helped NCC to 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 120-year old Gothic-style church, which houses the corporation's headquarters. Most of the funds were obtained through long-term loans from government organizations such as New Jersey's Housing and Mortgage Finance Agency. HUD funds — for example, Community Development Block Grants — also were used.

### **The Telesis Corporation.**

NCC illustrates how nonprofit organizations can create and partner with for-profit businesses. There also are good examples of how for-profit organizations can create non-profit subsidiaries that generate housing and jobs. One is the Telesis Corporation in Washington, DC. Telesis has renovated Paradise at Parkside, a northeast Washington, D.C. apartment complex with 600 apartments. One of the most attractive features of the \$20M Paradise at Parkside rehabilitation effort is the creative way in which Telesis has brought financing partners together. One funding source, the AFL-CIO Housing Investment Trust, invested \$10M in return for a guarantee that all construction workers would 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 from the federal Department of Health and Human Services (HHS).

Renovation costs at Paradise at Parkside average approximately \$30,500 per apartment — an amount in sharp contrast with the \$130,000 per-unit cost to the federal government and the District of Columbia government to renovate the nearby Kenilworth-Parkside public housing complex, which was mistakenly held up by HUD from 1988 to 1992 as perhaps the best federal example of tenant management and ownership. Some of the renovation and construction jobs were generated for Paradise at Parkside residents.

As the nonprofit NCC, the for-profit Telesis Corporation has been able to integrate social development with physical development. Employment training and classes on life skills, such as budgeting and home ownership, are 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 work at construction and property-management jobs at the development. A youth organization founded by Paradise teenagers provides tutoring for kids, and a youth safe haven has been integrated with the operations of a police mini-

station. Three full-time D.C. metropolitan police officers have been assigned to the mini-station, which is located in an apartment unit near the community center.

Telesis presently is replicating Paradise-type development in other locations nationally.

### **The South Shore Bank.**

In turn, job-generating community economic development has been assisted by the success of community-based banking. Here the model is the South Shore Bank in Chicago. During the past 20 years, South Shore has proven that a determined lender can reverse the process of urban decay and simultaneously make a profit. The process began with the purchase of a local bank. The founders of South Shore created a for-profit real-estate-development company and a nonprofit community-development corporation to work 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 neighborhood of Chicago consists of 250 square blocks in which approximately 78,000 people live not far from Lake Michigan. South Shore has provided financing for approximately one-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 neighborhood and then to invest in the neighborhood. This reverses the pattern typical of many banks - to collect deposits in poor communities and then to invest outside those neighborhoods. As a result of its initial success, South Shore has been replicated in other locations.

On the basis of its initial success, South Shore has replicated in 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. 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.

The founders of South Shore are cautious about replicating the program in neighborhoods as devastated as, say, South Central Los Angeles. However, the success to date of South Shore makes it plausible, we believe, at least to experiment with a strategy in which community-based banks are replicated initially on the margins of such inner-city communities. (Chapter 6.) Based in neighborhoods where some infrastructure remains, community banks gradually could be moved into neighborhoods with less infrastructure. Employment generation should be the top priority.

It will 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. 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. *In addition, these organizations, along with Argus, are the models for the reformed job training, job placement and economic development system for the truly disadvantaged that we propose in Chapter 6.*

### **Problem-Oriented Policing**

To stabilize poor communities - and so to promote community banking, economic development and job generation - problem-oriented policing has been scientifically evaluated as successful. In problem-oriented policing, the concept 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 that cause crime.

For example, in a comparison group demonstration evaluated by the Police Executive Research Forum in Newport News, Virginia, the burglary rate in high-crime public housing was reduced by 35 percent during a 2 year period. This was done not through making more arrests after crimes had occurred, but rather by improving maintenance of public-housing properties, among other preventive strategies.

A much looser concept than problem-oriented policing is community-based policing. According to Herman Goldstein at the University of Wisconsin, the term community policing today is used "to encompass practically all innovations in policing, from the ambitious to the mundane, from the most carefully thought through to the most casual."

In one of the earliest definitions, community-based policing meant getting officers out of cars and onto foot patrols. On foot, police can interact better with neighborhood residents, become their friends, report suspicious events, and sometimes build on friendships to pursue problem-oriented policing. However, 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 City all point to this conclusion. Some findings indicate a reduction in residents' fear of crime as a result of police foot patrols. This fear reduction occurs mostly in middle-class urban neighborhoods, not inner-city locations.



Another recent version of community-based policing, begun in New York City but now popular in many other cities, is a "zero tolerance" policy for minor infractions and annoyances. The notion here is that official tolerance for nuisances such as graffiti and panhandling encourages more serious crime and physical decline in the neighborhood. Hence, assertive police enforcement of minor violations and care by neighborhood residents to keep neighborhoods graffiti-clean and in good repair sends a message to criminals that law abiding citizens will fight to keep control of their streets.

Zero tolerance policy assumes, then, that neighborhood deterioration leads to crime. However, there is minimal scientific support at present for this idea. For example, in the most comprehensive study of this concept, Ralph Taylor at Temple University concluded that it was more likely that crime leads to neighborhood deterioration.

New York City did experience a crime drop during the time when its zero tolerance policy was put into effect. However, as Richard Moran at Mount Holyoke College has concluded, the New York City decline began 3 years before the zero tolerance policy began. This suggests that the main reason for the decline may have been something other than zero tolerance. The most important explanation, concludes Moran, may have been the decline of the murderous crack turf wars among dealers in New York and other big cities.

Nationally, some cities which have implemented a zero tolerance policy have experienced crime declines and some have not. For example, from 1991 to 1996, murder declined more rapidly in East St. Louis than in New York City - even though East St. Louis did not introduce zero tolerance. The sharp murder drop in East St. Louis occurred at a time when the police were so deeply in debt that police layoffs were common. Many police cars did not have functioning radios, and many cars were idle because there was no money for gas.

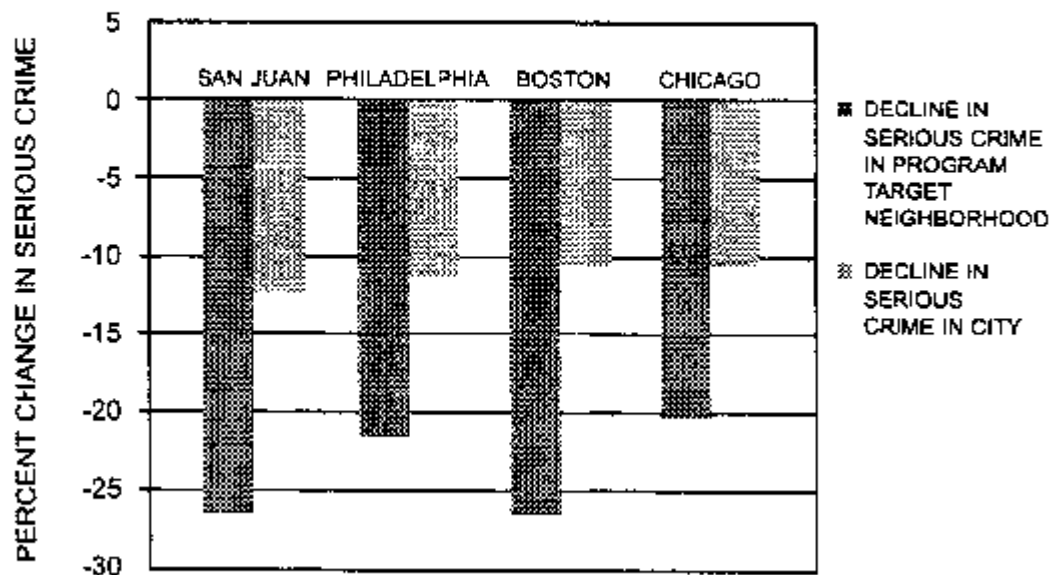
Alternative explanations are plausible because zero tolerance was not carried out with a quasi-experimental design in New York City. Nor have scientific designs been used elsewhere. For example, there was no field test in New York City of some precincts with zero tolerance policy versus comparison precincts without it. In addition, there has been growing concern in New York City and other locations over police brutality associated with zero tolerance policy. Given police reactions to rioters in the 1960s, the Kerner Commission was greatly concerned about training police to be more sensitive to the community, and so we believe that a scientific evaluation of zero tolerance policy must carefully assess the degree to which brutality is encouraged.

More scientifically based has been what the Eisenhower Foundation has termed "community equity policing." In 4 cities - San Juan, Philadelphia, Boston and Chicago - a quasi-experimental evaluation design showed serious crime to decline by at least 22 percent and by as much as 27 percent over a minimum of 3 years.

Across the 4 cities, the decline in the 4 target neighborhoods where the police-community partnerships were replicated was significantly greater statistically than for either the surrounding precincts or cities as a whole. Figure 3-7 shows some of these findings.

**FIGURE 3-7**

**DECLINES IN SERIOUS CRIME IN PROGRAM TARGET NEIGHBORHOODS  
AND THEIR CITIES, EARLY 1990s**



Serious crime = Total of criminal homicide, aggravated assault, forcible rape, robbery, burglary, larceny and auto theft as reported to police.

Source: Youth Investment and Police Mentoring

Success was attributable to multiple solutions, to multiple problems, solutions that complemented one another in different combinations in different programs. The solutions included safe havens off the street for youth, residential and nonresidential police ministations (called "kobans" in Japan), counseling of and advocacy for youth by paid civilian staff and "near-peers, counseling and mentoring of youth by police, community-based education and remedial education, community organization outreach to schools, youth leadership programs, youth media enterprise, sports as part of mentoring, employment training and placement, joint police-community patrols that sometimes included visits to homes of families in the neighborhood, and problem-oriented policing. The Eisenhower Foundation chose the term "community equity policing" to describe how police and nonprofit youth development organizations in these initiatives created a more balanced partnership than in many other such police-community partnerships attempted elsewhere in the past.

## **Conclusion**

The public, then, is misinformed. Those who were polled nationally after the 1992 Los Angeles riot and who said that the major obstacle to doing more in the inner city was "lack of knowledge" need to learn about the successes illustrated in Chapter 3.

## 4. Lessons

What lessons underlie the illustrations of what does and does not work in Chapters 2 and 3? The answer to this question can help formulate a contemporary national investment policy that is consistent with the recommendations of the Kerner Commission.

Technically, we now know enough about what works and how to replicate it to create a national policy that invests in success at a scale equal to the dimensions of the problem. Our existing knowledge allows construction of a national investment policy for high-risk children, youth, families, communities and inner city economies. “Enough is known about the lives of disadvantaged high-risk youth to mount an intensive campaign to alter the trajectories of these children,” says Joy Dryfoos in *Adolescents at Risk*. “We know how to intervene to reduce the rotten outcomes of adolescence and to help break the cycle that reaches into succeeding generations,” says Lisbeth Schorr in *Breaking the Cycle of Disadvantage*.

Over the last decade, Trustees of the Eisenhower Foundation have debated before Congressional Committees with naysayers who still may be unaware of much of the evidence presented here -- for example, on the Brandeis University evaluation of the Quantum Opportunities Program, the Columbia University evaluation of Boys and Girls Clubs, the Public/Private Ventures evaluation of Big Brothers/Big Sisters and the Eisenhower Foundation evaluations of the Argus Community and youth development safe havens combined with police ministrations.

Today such debate has become passé. We need to move beyond talk. We need to act on what has been learned. The illustrations of Chapters 2 and 3 suggest these lessons, among others:

- Success is based on multiple solutions to multiple problems.
- Success is carried out by both public and private institutions.
- Success is achieved by institutions with well-developed staff, board and organizational capacity.
- Success can be facilitated by sustained technical assistance.
- Success can be replicated.
- Success in replication is at least as likely by small local organizations as by large national organizations.
- Success can be expanded in the way new drugs against disease are first tested before they are more widely used.

Chapter 4 is about these lessons.

### **Success Is Based On Multiple Solutions to Multiple Problems**

Vaclav Havel, President of the Czech Republic, has written about 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.

This comprehensive interconnectedness characterizes the most enduring models of what works. "Multiple solutions to multiple problems" is the term used by Lisbeth Schorr in *Breaking the Cycle of Disadvantage*.

In other words, successful programs are not categorical, "one shot" efforts. For example, the Ford Foundation-U.S. Department of Labor Quantum Opportunities Program is based on learning life skills, getting good grades, staying in high school, undertaking service for the community, learning to work for pay, earning income for the family and planning the financial means to attend college. It is not a single purpose program, but has multiple solutions to multiple problems.

Beyond the example of Quantum Opportunities, what multiple solutions tend to appear in models and replications that work? Our experience suggests that the multiple solutions associated with success often include preschool; safe haven sanctuaries off the street that pick up where Head Start leaves off, help facilitate safe passage through elementary and middle school years, and offer sustained support, help with homework and discipline by near peers and adults during the 3 PM to 10 PM after school hours when youth are most at risk of getting into trouble; public school innovations like parent-teacher school management, smaller and more holistic schools, full service community schools and computer-based remedial education that motivate youth to stay in school and obtain a high school degree; job training undertaken before job placement and carefully linked to the creation and retention of real jobs that are in demand; incentives for continuing on to college; job opportunities that are in industries with great demand (like telecommunications) and that develop the infrastructure of the inner city (like housing rehabilitation); nonprofit community development corporation leadership in generating and administering such job creation; community-based banking to finance the economic development that helps create the jobs for high-risk youth; and problem-oriented, community equity policing to mentor youth and secure the neighborhood for the banking and development.

Not all model programs and replications illustrate all of these program elements. But the elements, or variations of them, often appear in multiple combinations.

Similarly, successful programs and replications tend to have multiple good outcomes. Not uncommonly, in successfully evaluated models and replications, these outcomes include some combination of less crime, less gang-related behavior, less drug abuse, less welfare dependency, fewer adolescent pregnancies,

fewer school dropouts, more youth development, more school grades completed, more successful school-to-work transitions, more employability, better parenting among targeted high-risk youth and more stable families. For example, Quantum Opportunities has most of these outcomes. In addition, the communities where young people live can experience less fear, fewer drug dealers, better schools and more business, job, and economic development. Not all model programs and replications achieve all of these good outcomes. But the point is that multiple outcomes are the rule, not the exception.

Enough models and replications that work have been identified to orchestrate them together into a comprehensive, complementary, interdependent national policy that invests in the truly disadvantaged and in the places where they live. For example, community equity policing with minority officers as neighborhood role models can be deployed to help stabilize and develop inner city neighborhoods. The public safety can encourage community banking and community economic development led by grassroots nonprofit community development corporations, like the New Community Corporation in Newark, not by distant state or federal bureaucracies. Particularly when run day-to-day by community development corporations, such inner city economic development purposely can be designed to generate jobs for high-risk young people in the neighborhood. They can generate jobs in industries that are expanding and that have so far excluded minorities -- as Capital Commitment has done in the telecommunications industry. Often inner city residents can qualify for such jobs if they have participated in some of the education, remedial education, life skills training, job training and job retention models that have been scientifically evaluated as successful and replicated -- like the Comer School Development Plan, Quantum Opportunities, Project Prepare, Argus, Capital Commitment, Job Corps, and Competing Competencies. Young people can get as far as these kinds of education and employment programs if they stay out of trouble with the help of adult counselors, advocates, and near peers in safe havens after school during their elementary and middle school years. They can get as far as the safe havens if they have participated in Head Start-type preschool when they are 3 to 5 years old. If financed to scale and with adequate transportation provisions for getting kids there, such pre-school, combined with child care, can enrich the children and also give their parents the time to train for good jobs and stay placed in them. In this way, both the children and their parents can develop at the same time.

### **Success Is Carried Out By Both Public and Private Institutions**

We have found it to be a simplistic, naysaying myth to say that public institutions can't carry out what works and that only private sector institutions are capable of success.

In fact, public institutions have been associated with both failure and success. Public sector failure is illustrated by Urban Renewal and Model Cities; public prisons and bootcamps; public legislation and executive agency decisions that

increased the proportion of young African-American males in the criminal justice system from 1 of 4 to 1 of 3 in the 1990s; public legislation and executive agency decisions that created much harsher sentencing for crack cocaine than for powder cocaine; public legislation and executive agency decisions that carried out supply-side economics and 1980s-style enterprise zones; public legislation that created the job Training Partnership Act for out-of-school youth; and HUD's public relations decision in the late 1980s and early 1990s to promote tenant ownership and management without providing the money to replicate anywhere close to scale. Public success is illustrated by Head Start, the urban public schools that implement the Carnegie Turning Points principles, the Fairview Homes public housing initiatives as part of the President's National Urban Policy in the late 1970s, Job Corps, community equity and problem-oriented policing, and the macroeconomic policy of the Clinton Administration. Private for-profit institutions have been associated with failure and success. Failure is illustrated by how corporations and the rich did not trickle down their enormous supply-side tax breaks in the 1980s to benefit the middle class, working class, and the poor; the failure of corporations in enterprise zones in places like South Central Los Angeles to train and hire the truly disadvantaged; and privatized prisons that disproportionately profit whites and disproportionately incarcerate minorities. Private for-profit successes are illustrated by the Telesis Corporation, the Pathway supermarket operated by the New Community Corporation, and the South Shore Bank -- organizations with bottom lines that embrace profit, investment in the truly disadvantaged, and investment in the inner city.

Private nonprofit institutions have been associated with failure and success. Failure is illustrated by the DARE program, which has not reduced drug use (as discussed later in this chapter); the New Chance program, which has not succeeded with welfare mothers; and countless grassroots groups that had good ideas but poor management (as discussed later in this chapter). Success is illustrated by local unaffiliated youth and community development organization like the Dorchester Youth Collaboration in Boston and Centro in Puerto Rico; unaffiliated community development corporations like the New Community Corporation in Newark, the Bedford-Stuyvesant Community Restoration Corporation in New York, the Woodlawn Organization in Chicago, and the East Los Angeles Community Union in Los Angeles; and the local affiliates of national organizations, like the Opportunities Industrialization Centers of America, the Boys and Girls Clubs of America and Big Brothers/Big Sisters.

Many private nonprofit successes involve partnerships with the public sector -- like Youth Guidance in Chicago public schools and the Comer School Development Plan in schools across the nation.

Successful private nonprofit programs often finance replications with a mix of public and private money. For example, the nonprofit Delancey Street Foundation has secured substantial California public sector funding to replicate hybrids of Delancey Street, Argus and safe havens in San Francisco as part of the mayor's

plan to reform the city's juvenile justice system. The nonprofit Local Initiatives Support Cooperative and the nonprofit Enterprise Foundation secure public HUD funding and private foundation funding -- which then is targeted to local private nonprofit community development corporations. The nonprofit Opportunities Industrialization Centers of America have co-targeted public sector Labor Department monies with private Ford Foundation and Kellogg Foundation monies for the Quantum Opportunities Program. The nonprofit Eisenhower Foundation has co-targeted public sector HUD and Justice Department funds with private corporation and private Center for Global Partnership funds for youth safe havens combined with police ministrations.

In the real world, then, contrary to the ideology of naysayers, success depends in large part on skillfully combining what the public sector does best, the private sector does best, and the private nonprofit sector does best. Overall, private nonprofit organizations appear to have the best track record in terms of day-to-day implementation of success. These private nonprofit organizations seem to be in the best position to take the lead, therefore, in blending private nonprofit elements, private for-profit elements, and public sector elements in coherent, interdependent multiple solutions -- as does, for example, the New Community Corporation in Newark. The public sector appears to be in a position to help the most by providing the funding for the replications -- funding that is transferred to the nonprofits, not administered by the government (except for established successes, like Head Start and Job Corps).

### **Success is Achieved by Institutions with Well-Developed Staff, Board, and Organizational Capacity**

Experience over the last 30 years has demonstrated that good ideas and multiple solutions are not enough. Almost all organizations that have been evaluated as successful for the truly disadvantaged and the inner city also possess solid institutional capacity. We have found that the national policy debate over the 30 years since the Kerner Commission has not sufficiently recognized how effective day-to-day management is as important as effective program content. We have found that, with sound program content, success is more likely when the organization that runs the program is:

- Defining a clear mission and providing strong leadership.
- Hiring quality, flexible and tenacious staff.
- Providing competent management.
- Showing skill in generating multiple income streams.

These elements apply, in particular to the private nonprofit successes which we have found to be most effective for the truly disadvantaged and the inner city. But the elements also apply, for the most part and with appropriate variation, to public agency successes and private for-profit agency successes. Often legislators and high-level policy makers ignore such nuts-and-bolts considerations of practical



administration. That may be one reason why so many programs fail. And it is why we want to say more, below, about each of these considerations.

### **Defining a Clear Mission and Providing Strong Leadership.**

Model programs which promise success in replication have clearly defined missions based on measurable outcomes. The operating head of the agency and the Board of Directors work well together and understand the role of evaluation in defining the mission. The operating head is respected by the Board and the staff. As Joy Dryfoos has observed, typically, the founder of a community-based nonprofit youth organization spends “60 to 80 hours a week making sure that it works. These people have strong personalities, intense commitment, cultural sensitivity, and a lot of savvy about funding and politics. But they are also empathetic with and well-informed about ‘their kids’ lives. They communicate with fellow staff-members, inspiring the people around them to work as hard as they do.”

### **Hiring Quality, Flexible, Tenacious Staff.**

Programs that have been scientifically evaluated as successful and that appear ready for replication are able to find quality staff -- even though, for most nonprofit successes, they almost always are 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.

In the United States, it is not uncommon for some private nonprofit organization staff to receive something on the order of \$20,000 per year -- roughly 400 times less than the annual compensation of the CEO of Coca-Cola. Nonetheless, successful nonprofit organizations often are able to manage livable salaries for core staff.

Typically, staff come from the same background and communities as persons in their programs.\* Senior staff often have been at the organization for many years. These staff members understand that multiple solutions and outcomes cannot be routine or uniform. Variation is needed to fit individualized needs of children, young people and adults. The extended family sanctuaries off the street characteristic of many models help to generate a nurturing atmosphere in which staff can show their care and commitment. Program participants feel they are wanted because of the supportive atmosphere, and this facilitates participation by them and the development of their leadership skills.

To deal with, and sometimes circumvent, public and private sector funding bureaucracies, staff need to be dedicated and tenacious. The founders of Argus in the South Bronx and Delancey Street in San Francisco, for example, have been at it for over a quarter century. The financial officer at Argus seems to possess a certain god-like patience with contract officers. Staff members often devise innovative plots and schemes to tunnel under or circle around the rules and regulations of traditional bureaucracies that provide funds. Those bureaucracies can be narrow and categorical -- so at times a nonprofit organization must be creative and assertive if it is to come up with funding for the comprehensive interventions and multiple solutions that work best.

Attention to mundane, day-to-day detail is a must. Staff at successful organizations are able to concentrate on such detail.

Staff at models ready for replication also have opportunities for renewal and development -- although, typically, they would like more time. There often are regular, weekly staff development meetings, as is the case at Argus, where staff members share their feelings, aspirations, triumphs and frustrations. Staff have access to professional development networks. They exchange good practices at meetings and workshops, with peers outside their organizations.

### **Providing Competent Management.**

One stereotype of the inner-city community nonprofit organizations responsible for so much of what works is that they are begun by charismatic leaders who cannot manage. There is some truth to this, and many nonprofits, especially in youth and related human service fields, go out of business because of poor management.

In one example, the Eisenhower Foundation evaluated the South Baltimore Youth Center (SBYC), a youth safe haven, with funds from the federal Center for Substance Abuse Prevention. In a quasi-experimental design, we found statistically significant drops in crime and drugs among program versus comparison youth. Did the Foundation therefore judge SBYC to be a model for replication? No. The Center was a component of an economic development organization. Managers of the overall organization were focused on business-like economic development. SBYC staff were focused on youthful rites of passage in an unstructured setting. As a result of consequent staff turmoil and overall poor management by the host organization, all operations closed -- in spite of our positive evaluation of program content.

Model candidates for replication have competent Chief Financial Officers to manage grants and contracts. Many successes have the resources for Executive Vice Presidents who manage day-to-day, while the leader provides vision, develops new ideas and raises funds with the Board. 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.

### **Showing Skill in Generating Multiple Income Streams.**

In part because funders have recognized a measurable mission, sound leadership, good ideas, multiple solutions, flexibility, dedicated and tenacious staff, and competent management, models which are good candidates for replication are able to secure at least minimal funding year after year. This, of course, is “soft money,” because inner city nonprofit organizations rarely are endowed.

Model programs typically have learned to keep a balanced portfolio of public and private funders. They have staff, consultants or trustees who can locate announcements of fund availability and who can write good proposals. They mix this funding with unrestricted funding from special events and sometimes for-profit income streams.

Some nonprofit models, like Delancey Street in San Francisco, are able to create business-like and for-profit ventures linked to nonprofit programs. Delancey is able to involve participants in business ventures in part because Delancey’s population mainly consists of adults who, if they can be turned around, are ready for steady employment. Other nonprofits 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.

Still, even the most successful community-based nonprofits experience funding as a constant problem and have their bad times. Much of the reason is that community-based nonprofits are not sufficiently recognized by the public as superior human developers. In turn, funding from the public and private sectors remains minuscule compared to what is needed. The situation got worse with supply side federal inner city disinvestment from 1981 to 1992, even though political rhetoric over this period praised community-based nonprofit organizations. It also is more fashionable for public and private funders to provide “seed” grants only. Insufficient attention is given to ongoing, operational support. We encourage the foundations and public agencies to provide much in more ongoing operational support of model programs and their replications, leading to endowments.

### **Finding Common Themes.**

For community-based, private, non-profit, inner city models ready for replication, these conclusions by the Eisenhower Foundation on institutional and staff capabilities tend to converge for the most part with the themes of others evaluators -- like the Academy for Educational Development, Public/Private

Ventures and the Brandeis University evaluators of the Quantum Opportunities Program.

### **Success Can Be Facilitated Through Sustained Technical Assistance**

Another myth created by naysayers is that it is difficult if not impossible to technically assist a promising organization so that it improves enough to become a model that is evaluated as successful -- and that then is ready to be replicated.

Technical assistance and training to build institutional staff capacity are not new ideas. But, especially for nonprofit organizations that are developing children, youth and jobs in the inner city, little has been known until recently about how best to undertake such technical assistance and training.

However, funding by major foundations over recent years has led to trial and error experiments on how best to provide technical assistance and training.\* As a result, it has become more and more apparent that success with technical assistance depends on, for example:

- Recognizing that a team approach is required.
- Beginning with a needs assessment of an organization by a team of technical assistants.
- Using the needs assessment to develop a workplan.
- Implementing the workplan in a flexible way with an organization over an extended period of time.
- Including one-on-one training on site by technical assistance providers with different specialties -- training tailored to the unique needs of the organization.
- Training trainers as soon as possible, so that local peer-to-peer expertise can be developed.
- Including group workshops on core issues, so that organizations can share experiences and learn from them.
- Supplementing group workshops with telephone group conference calls and an e-mail conference page.
- Teaching local organization staff the difference between inputs (like staff development training or fundraising training) and clear cut, measurable outcomes (like higher ratings of staff by program participants or more funds actually raised).
- Requiring such outcomes as the only real benchmarks of success.

These conclusions especially apply to inner city nonprofit organizations, but also have considerable relevance to public sector and private for-profit organizations. Different organizations have different needs. That makes it important to tailor the content of training to their local needs. At the same time, many training topics are interrelated. For example, fundraising is haphazard without a strategic

development plan, and funders will not sustain grants if finances are not well managed.

It takes time for an inner city private nonprofit organization to mature. Sometimes unproductive habits need to be broken and new ones reinforced. That is why generic management and fundraising workshops appear to be just the beginning. We have found that on-site individualized work is more appropriate. As Joy Dryfoos observes, "How-to conferences and workshops are very popular but they lack the potency of 'in your face' instruction and guidance." The need for extended, hands-on assistance was articulated well in the report, *Groundwork: Building Support for Excellence*, written by the Fund for the City of New York in 1994.

In the context of what works, we have found that technical assistance can be most effective at a point in time after an organization has survived birth and early development -- and is at a "pre-take off" point, on the verge of becoming a model if it can enhance its capacity. We have found that organizations that make the best technical assistance recipients also have sound leadership, are operating with internal staff harmony and are computer literate.

Such desirable assistance recipients understand, as well, that technical assistance merely is an "input"-- and that the organization must convert this input into a demonstrable outcome. For example, fundraising training is an input; more funds actually raised is an outcome. We have found it extremely difficult to teach inner city private nonprofit organizations, especially struggling ones, the difference between inputs and outcomes. Such groups instinctively want to say that, because they received some assistance, and because they took some action, they automatically created a measurable outcome. That is not necessarily so.

Good candidates for technical assistance need to make a serious commitment. Some organizations agree to technical assistance relationships in the hope that these new connections will somehow lead to additional funding sources (and this does, in fact, sometimes occur). Others do not realize the amount of effort that will be required from them and their staff members. Over time, technical assistance providers may find that enthusiasm and cooperation are waning. Unreturned phone calls, low or no attendance at group meetings, and uncompleted assignments all provide evidence that scarce technical assistance resources are being wasted on a particular agency. When this happens, we have found that a heart-to-heart meeting is essential. If the group does not agree to the meeting or if the meeting is unproductive, training and technical assistance should be stopped.

Organizations that were founded by charismatic leaders and mom-and-pop teams, and that still are being led by such persons, can be difficult technical assistance recipients, as well. Sometimes the heads of such agencies have managed to establish themselves with little to no outside assistance and few resources. These inventive and resourceful visionaries have had to perform numerous roles in their

fledgling organizations. It can be difficult for them to take advice from “outsiders” or implement changes with which they do not agree. Here the need is for outside technical assistance to work quietly, and patiently, so mutual trust can develop over time.

Based on these new findings since the Kerner Commission, we conclude that technical assistance and training are cost-effective and must be components in any new national investment strategy for the truly disadvantaged and the inner city.

### **Success Can Be Replicated.**

Perhaps the biggest myth in the naysaying lexicon is that successes cannot be replicated. Practical experience since the Kerner Commission shows replication to be quite possible. This experience demonstrates that the issue is not lack of technical know-how, but a failure of political will -- to finance replications of what works to scale at a time of growing, supply-side induced employment, income, class and racial gaps.

Once an inner city enterprise has scientifically been evaluated as an appropriate model ready for replication, what does successful replication depend on? Trial and error over the 30 years since the Kerner Commission suggests that it depends in no small part on:\*

- Securing adequate funding over sufficient time (ideally a minimum of 36 months).
- Evaluating the replication (not just the model) in a scientific way.
- Creating sound institutional and staff capacity at replication sites.
- Generating professional training manuals and videos.
- Training replication staff systematically and in stages.
- Adhering to strategic workplans and budgets.
- Insuring tenacious quality control.
- Concentrating on underlying principles rather than exact copies.
- Recognizing that either an entire program or parts of it can be implemented in another location.

For the most part, these lessons apply to replications by private nonprofit organizations, the public sector and private for-profit organizations. These lessons are not sufficiently understood by legislators and high-level policy makers. Nor does reading them provide the excitement of a Hemingway novel. But we reiterate that success is in the details. Before we can talk about a national investment policy (in Chapter 6), we find it essential to document some of the unglamorous, practical, nuts-and-bolts details that spell out the technology of replication.

### **Securing Adequate Funding Over Sufficient Time.**

Like the original model, a replication, we have found, needs adequate funds for planning, operations and technical assistance. For example, initial replications of Eisenhower Foundation youth safe havens combined with police ministrations provided some of the clearest scientific evidence to date that well-conceived, private nonprofit programs succeed when they are adequately funded. As discussed in Chapter 3, these replications were fully funded by the federal Justice Department in their first 2 years. During these 2 years, serious crime dropped by an average of 18 percent in the target neighborhoods in the 4 cities. But when the federal budget tightened and Justice Department crime prevention appropriations (for Eisenhower and other grantees) were cut in half during the third year, serious crime dropped by an average of only 3 percent.

In terms of the length of time needed for a professionally-run replication, the Eisenhower Foundation has been able to produce statistically significant outcomes in as little as 18 months. But this is pushing very hard. On balance, we feel much more comfortable with 36 months as a standard length of time to plan a replication, train staff, run the replication to work out problems before evaluation even begins, conduct the evaluation, retain quality control, refine programming after mid-course corrections, complete a process and impact evaluation report, and communicate outcomes in the print and electronic media.

### **Evaluating the Replication in a Scientific Way.**

The same kind of scientific evaluation needed to establish an original program as a model is necessary for the replication. Otherwise, how will we know that the replication works? We have found that results improve when staff from the replication site are involved and have a stake in the evaluation. It helps staff morale and often assists the evaluators. Evaluations of replications 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 still may fail because of inadequacies in the day-to-day process of implementation.

How much longer should evaluations continue after an initial round of replication is assessed as successful? There is as yet no agreed-upon answer. However, until the public and decision makers better accept, and carry out, the notion that we ought to replicate what works to scale, it makes sense to continue rigorous evaluations. This will provide more objective evidence on how to replicate -- and more proof that naysaying is based on rhetoric, not science.

### **Creating Sound Institutional and Staff Capacity at Replication Sites.**

If we insist that the model organization must demonstrate substantial institutional capacity before it is replicated, we need to similarly assure that the replication organization has sound institutional capacity. This means that the organization undertaking the replication should have an outcome-driven mission associated

with strong leadership by the Board and Chief Executive Officer; an ability to undertake strategic planning; quality, flexible and tenacious staff members who are given the opportunity for development; competent time, personnel and organizational management; clear-cut accountability; financial management skill; an ability to generate multiple income streams; receptivity to evaluation; understanding of the distinction between staff inputs and program outcomes; and skill with communications and the media. As it begins operations, the replication needs these components of capacity in place -- or needs to develop them in the course of replication with technical assistants and trainers. The latter need to work especially one-on-one, but also in group sharing sessions with replication staff, over an extended period of time. No replication host site will be strong in all the areas of needed capacity, and, in our experience, there often will be institutional resistance to change. Quality technical assistance and training must strengthen the weak points.

Contrary to the ideology of naysayers who assert that replication is difficult or impossible, the often charismatic founders of model programs are not unique. Capable leaders can be identified for replications, we have found, as long as they are given adequate time, funding, coaching, training and technical assistance.

### **Generating Professional Training Manuals and Videos.**

We have found that a clearly written replication program manual and a brief, focused replication video are desirable for teaching and reinforcing a model program. The manual and video should be distributed well in advance of training of staff at replication sites. As a model becomes more well known and replications are publicized, staff who receive training like to see news articles in the manual and television coverage in the videos. Such articles and coverage makes the training material more interesting to trainees. We have found it important that the written and video materials provide careful studies of replications in different places and also make clear the common principles that underlie individual replications and their local variations.

### **Training Replication Staff Systematically and In Stages.**

Well before replication begins, we have found that replication staff need to be hired and thoroughly trained with such written manuals and video materials. Up-front training of all replication needs to take place at the model organization, so staff at the replication sites get a first-hand feel for how things work. Early training of staff helps to reduce some of the confusion that arises from trying to replicate a program while simultaneously learning about it.

After initial training, later training at the model site is critical for resolving practical problems that arise during replication and for training staff who were not on board when the first training was conducted. Later workshops need to bring together all staff from all replication sites -- to exchange notes, trade street level



“war stories,” refine understanding of the replication, keep in touch with the evaluation and focus on specific issues that sites agree ahead of time are of common interest for group discussion. The workshops also can be structured as development sessions where replication staff refine their interpersonal skills.

### **Adhering to Strategic Workplans and Budgets.**

Implementation should not begin and funds to replication sites should not be released until a strategic workplan and budget are completed, in our experience. Strategic workplans need to include itemization of tasks to be accomplished, identification of who is responsible for each, and specification of timelier for completing the tasks. Proposed budgets need to be reviewed for feasibility and to assure that staffing patterns meet program requirements. The extent to which the strategic workplan and the budget are clear and concise determine the ease with which problems can be solved during replication.

### **Insuring Tenacious Quality Control.**

Our experience has been that replications will fail unless there is close and detailed monitoring and careful quality control. Perhaps the best way to insure quality control is by employing a full time replication director; creating a workplan up-front; making frequent hands-on, in-person site visits; anticipating midcourse corrections as inevitable problems arise when workplans are compared to actual implementation; and requiring quarterly program and financial reports in writing. When problems do arise, it is imperative that a face-to-face meeting be held to address the concerns and work toward mutual resolution of the problem.

Flexibility -- but also attention to detail and tenacity -- are important qualities in a replication director. To illustrate, staff at one Eisenhower Foundation replication site were furious over insistence by the Eisenhower replication director that key parts of the workplan be implemented. Staff at the replication site did not return Eisenhower calls for a week. Consequently, quarterly drawdown checks were withheld by the Foundation. Eventually peace was made.

It is not yet entirely clear when and where it is best to have replication directors located at the model program and when and where it is best for them to be part of an intermediary organization which collaborates with staff from the original model. We have seen both variations work. If the replication director works at the model organization, “founder’s syndrome” sometimes can get in the way of the replication. The founder of the model can insist on too exact a duplication of the original program and may not sufficiently delegate the complex replication process to others. The founder sometimes can try to manage both the “mother” program and all the replication sites -- which can lead to implementation failure.

These problems sometimes can be overcome by an intermediary organization, which manages the replication process. But the intermediary must know the

model well and have the trust of the staff of the founding. Such trust is not always easy to achieve. When it is achieved, the intermediary can be helpful in leveraging funds, providing technical assistance, insuring objective quality control, leading the evaluation and communicating the outcomes through the print and electronic media in ways that also help the site raise ongoing financial support. It often is difficult for the model program to undertake all these tasks by itself.

### **Concentrating on Underlying Principles Rather Than Exact Copies.**

It is possible to be successful with replications that are as close to duplications as possible. Many funders, especially public bureaucracies, can insist on duplication as the goal. In spite of achieving positive outcomes with such duplications (for example, with the Argus replication), the Eisenhower Foundation has concluded that it is more cost-effective to replicate the principles underlying the model program. The essence of the model is replicated. But variations on the theme are allowed so that local implementors have a stake. They have ownership in the process of replication and the strength of the outcomes. With this definition of replication, it also is easier to adapt to local circumstances than with exact duplications. The Eisenhower Foundation youth safe haven/police ministation programs illustrate replication of underlying principles.

### **Recognizing That Either an Entire Program or Parts of It Can Be Replicated in Another Location.**

A model program can be replicated entirely at another location. It also can be replicated at a host organization that already is working the field and that has some of the model's components in place. The Eisenhower Foundation has had positive experience with each variation.

When the model is replicated in its entirety at a new location, sometimes there can be a rather slow replication start-up period and considerable staff turnover, as new ideas are put into practice and some personnel do not meet expectations. However, the advantage to replicating the entire model can be local enthusiasm for those exciting new ideas and little resistance to implementing them.

When the host organization already has some of the components of the model in place and is integrating in other components of the model that it does not have, there can be institutional resistance. In some cases, the host organization can act like it "just wants the money" for replication operations, knows better and really is not interested in the model. However, the advantage to integrating in just some components can be the creation of a new hybrid that is a synthesis of the best of the model and the best of the host. For example, the world-renowned Boy's Choir of Harlem has collaborated with the well-regarded Youth Leadership Academy in Milwaukee. The result has been an enriched Academy program with a choir as part of its youth leadership initiative.

## **Success in Replication is at Least As Likely by Small Local Organizations As By Large National Organizations**

In *Breaking the Cycle of Disadvantage*, Lisbeth Schorr concludes that not a single example of success which she could identify “was the product of normal functioning of a large system -- public or private.” We have found that some large public systems, like Head Start, can be replicated, but also must improve, especially in terms of more funding for staff salaries, volunteer training, management and institutional capacity. Other replication successes, which are public-private mixes, like the Comer School Development Plan, have taken a large system -- here the public school system -- and modified parts of it, through management changes, nonprofit organization leadership and an infusion of private sector match money. There also have been successes by large national nonprofit organizations -- like Big Brothers/Big Sisters of America and Boys and Girls Clubs of America. They implement their programs through local affiliates.

Yet, in terms of being able to replicate, at least as successful, we have found, are local, indigenous, unaffiliated nonprofit organizations -- which are not the products of large systems. Argus in the South Bronx, Youth Guidance in Chicago, the Dorchester Youth Collaborative in Boston and Centro Sister Isolina Ferre in Puerto Rico are examples.

We acknowledge the “top down” success of some national nonprofit organizations. But large systems also pose problems, as Lisbeth Schorr has recognized. In the nonprofit world, local affiliates of some large national organizations sometimes complain that the national organization is not in touch with local circumstances and that the technical assistance provided by the national office is not always as helpful as it might be. Such local affiliates, with which the Eisenhower Foundation has worked, sometimes say that they have, on balance, decided to remain affiliated because the national logo and imprimatur are useful in raising money.

Some large national nonprofits also have been plagued by scandals -- like the lavish and illegal personal use of funds by the CEO of the United Way that could have been used far more cost-beneficially at the local level for programs that work.

Money and influence are key. Large organizations are more likely than small indigenous organizations to have the money to lobby for legislative earmarks, secure executive branch contracts and write sophisticated proposals for replications. They are more likely to have communications offices that can effectively send their messages through the media -- to foundations, corporations, public sector executives and legislators at the federal, national and state levels. Such large organizations can become allied with large national evaluation organizations which, to sustain themselves financially, need the kind of substantial evaluation grants and contracts that large, national nonprofit

institutions can attract from major funders. All of this has generated a kind of large system network, for initiatives for the truly disadvantaged and the inner city. Given the power and personal associations in the network, the result presently appears to be a bias toward replicating what works for the truly disadvantaged through large institutions. This bias influences the national policy dialogue, by framing what is and is not possible in the eyes of those in power.

Just as supply siders whose professed ideology is free market competition actually act to restrict competition, (Chapter 2) so the large system network of national nonprofits and national evaluators can create a top down process that restricts opportunities for local nonprofit entrepreneurs.

Compared to the large public and private institutions, the small, indigenous nonprofit organizations can be more in touch with the people they serve in inner cities. A community base rather than a national base allows neighborhood residents, including high-risk youth, to acquire a stake in planning and implementing programs and to tailor solutions to local needs. A national policy based on these creative, energetic, unaffiliated local nonprofits, in our view, will draw more stakeholders onto the playing field and so will create a more inclusive, democratic, progressive, bubble up national process with increased local ownership.

The grassroots democracy and the energy of practical, grassroots citizens that we envision is essential to overcome the obstacles standing in the way of a national investment policy that is consistent with the framework of the Kerner Commission.

### **Success Can be Expanded in the Way New Drugs Against Disease Are First Tested Before They Are More Widely Used**

In terms of personal and public health, Americans tend to accept the notion that new drugs for, say, cancer or AIDS need to be scientifically evaluated and that, if they work, there then should be widespread use of them among all in need. This practice should serve as a model for programs for the inner city and the truly disadvantaged, in our view.

There are examples of programs for the truly disadvantaged that have succeeded based on solid evaluations and that therefore have been expanded -- Head Start, Boys and Girls Clubs in public housing, Quantum Opportunities and Job Corps come to mind. Yet there are many more examples of programs that have been started and expanded in the absence of any evaluations, or even in spite of scientific evidence that they have failed.

For example, the DARE (Drug Abuse Resistance Education) program is probably the best known substance abuse program in the nation. DARE has been awarded 5 percent of federal Drug Free Schools grants passed through states to localities. It

has been replicated in over 8,000 schools. Yet a series of evaluations have shown that the model and replications do not reduce substance abuse. The program continues to expand because the national DARE organization has created a powerful lobbying arm for what amounts to an almost billion-dollar per year industry. A recent expose by Stephen Glass in *The New Republic* concludes:

For the past five years, DARE has used tactics ranging from bullying journalists to manipulating the facts to mounting campaigns in order to intimidate government officials and stop news organizations, researchers and parents from criticizing the program.

Similarly, in *Safe Passage*, Joy G. Dryfoos observes:

You may be familiar with McGruff, the cartoon hound, created by the National Crime Prevention Council (NCPC) to warn children about the perils of crime. Funded at close to \$3M by the U.S. Department of Justice, this creature has close friends in Washington, including a full-time lobbyist. According to the *Legal Times*, "From accusations that the program has become a wasteful crime entitlement for an already well-fed dog, to charges that the animal is too middle class for his message to resonate with kids in the crack and violence-ravaged inner cities, McGruff is on the defensive." A few years ago, an extensive study commissioned by the Department of Justice revealed that McGruff had widespread name and symbol recognition but it was not possible to measure its impact on crime.

We believe that a better use of the taxpayer's dollar would be a system in which the U.S. General Accounting Office, the Congressional Budget Office, the Office of Management and Budget, and the National Science Foundation try to agree on guidelines, like the ones we use in Chapter 3. The guidelines would establish more clearly than at present what is needed for a rigorous scientific evaluation. All new demonstration programs would need to be assessed using these standards. No program could become a model for replication unless it passed the evaluation. If it did not, the demonstration would be discontinued, regardless of the protests of lobbyists. If the program proceeded into replication on a wider scale, initial replications would be evaluated using the same high standards. If the replications passed, further replications could be considered. If not, the program would go back to the drawing boards, to assess problems in the transfer of the technology and the rigor of the replication process.

Agreeing on acceptable evaluations also means agreeing on acceptable evaluation measures -- measures that are not politicized. For example, in the current debate on welfare reform, some politicians claim success based on how many persons have left welfare rolls. But leaving the welfare rolls is not an end result or an outcome. It is an action taken by the government. This action, and all other actions in the government's policy, needs to be evaluated to see what end results,

or outcomes, they produce, if any.\* Some such valid end results or outcomes for current welfare reform include the following: Was child poverty reduced? (“Welfare” was designed as a program to reduce child poverty.) Did welfare recipients increase their income? Did welfare recipients retain their jobs for any length of time? If yes, why? If no, why? If a mother left welfare and could not work, what happened to her and her family? Did children stay out of trouble? Did the jobs allow a living wage? In the long run, were families better off economically, socially and psychologically? For current welfare reform, which is so highly politicized, it is uncertain whether we will have answers to such questions.

With a system in place in which there are pre-established evaluation guidelines, and which is independent of political attempts to measure performance based on actions rather than outcomes, nonprofit government-watch organizations funded by the private sector will be in a better position to independently monitor evaluations and to release their findings to the media.

### **Conclusion**

Before we can apply these lessons to a new investment policy with a specific budget for the truly disadvantaged in the inner city, we need to acknowledge, in Chapter 5, the very real obstacles that presently stand in the way.

## 5. Betrayal

Why, in spite of the evidence in Chapters 3 and 4, does it often seem to be the prevailing view in America that we don't know what works?

The answer is in *Who Will Tell the People: The Betrayal of American Democracy* by William Greider. Greider concludes, "Organized money is ascendant and organized people are inert, because money has learned how to do modern politics more effectively than anyone else." Disproportionately, the money is in the hands of those who proclaim that market economics results in the best outcomes -- even though the most desirable outcomes for supply-siders actually limit choice and weaken democracy. (Chapter 2.) As a result, in America today we have "one dollar, one vote" not "one person, one vote."

The first steps toward reversing the betrayal of American democracy and getting back to "one person, one vote," we believe, must include a new movement to communicate to and convince Americans that we know what works and how to replicate it. This must be accompanied by reform of campaign finance and reform of political lobbying by powerful supply-side interests.

### **Communicating What Works.**

Foundations and corporations that support the position of supply-siders and naysayers have generously funded communications and media operations in naysaying think tanks and related organizations over the last 20 years. The naysaying think tanks have been extremely effective in communicating an ideology that little works except failed programs like prison building and supply-side tax breaks for the rich.

### **The Naysaying Think Tanks Have Been Effective and Well Funded.**

The naysaying think tanks have been effective in demonizing the poor, especially young minority males and "welfare mothers." For example, a recent book by authors associated with naysaying think tanks calls young minority males "superpredators" who possess "moral poverty." This feeds on the fear that many white Americans have of young minority males. The book fails to mention that adequately funded and well-evaluated programs are able to turn around the lives of such young minority males. These programs include youth safe haven/police ministrations as evaluated by the Eisenhower Foundation, Boys and Girls Clubs in public housing as evaluated by Columbia University, the Quantum Opportunities Program as evaluated by Brandeis University and Big Brothers/Big Sisters as evaluated by Public/Private Ventures. (Chapter 3.) Nor do the authors, when accusing young minority males of being "morally impoverished," say anything of the lying and deceit associated with the commercial advertising that is a bedrock

of the supply- side economics that their think tanks embrace. (Chapter 2.) That is a double standard.

A second example of the effectiveness of well-financed naysaying think tanks has been a campaign since the Kerner Commission that has succeeded in making many Americans erroneously believe that an undeserving and possibly "genetically inferior" "underclass" exists. As discussed in Chapter 3 for Head Start, the genetic argument is scientifically irresponsible and without basis -- because most geneticists agree that, in the words of Professor William Julius Wilson, "There is currently no definite line separating genetic influences from environmental influences." The children, youth and adults of the inner city are submerged within these environmental influences, such as massive joblessness, which trigger a series of other problems, like family breakdown, crime and drugs.

Professor Herbert J. Gans at Columbia University has documented, in *The War Against the Poor*, how, evidence to the contrary, naysayers have been effective in converting the "underclass" ideology into legislation that does more of what doesn't work (like tax breaks for the rich and prison building) and less of what does work (like effective job training along the lines of Argus).

A final example of naysaying effectiveness is how one of the most listened to - and well-financed -- naysaying television and radio talk show hosts actually argued that the rich did not get richer and the poor poorer in the 1980s, again contrary to evidence. Such evidence includes *The Politics of the Rich and Poor* written by Kevin Phillips, who is associated with a naysaying think tank.

From "superpredator" and "moral poverty" to a "genetically inferior" "underclass" and the denial of the growing rich-poor gulf, the ideology of naysaying spokespeople and associated think tanks has been successful, in spite of its scientific irresponsibility, because it has been repeated over and over and over -- thanks to the generous foundation and corporate funding and to the communications skills of the naysayers.

*One result has been that fewer and fewer Americans have the substantive knowledge to distinguish between facts and myths.*

How well financed are the naysayers? According to the National Committee for Responsive Philanthropy, a watchdog group that serves as an advocate for the poor, a dozen major foundations which support the notion that little works for the truly disadvantaged spent \$210,000,000 from 1992 through 1994 on efforts to reshape national policy debates and push Congress and state legislatures to their views.

The largest and most aggressive national naysaying think tank, based in Washington, D.C., received \$9,000,000 of this funding. The institution has an annual budget of almost \$30,000,000. It employs 60 policy analysts working on



all domestic and foreign policy issues. This group of analysts produces some 200 "issue bulletins" a year. The bulletins are distributed on Capital Hill and sent to 650 editorial pages and 30 to 40 national columnists, along with 450 radio talk show hosts. Op-ed articles are sent regularly to 50 papers across the Associated Press Data Feature wire, and to 200 others by mail. One op-ed is prepared every week for the Knight-Ridder/Tribune News Service. Of the 350 papers in the Service, 5 to 10 percent will on the average pick up the op-ed. When news breaks, this efficient operation is able to prepare a position and fax it to, for example, ABC's Nightline -- along with the names of articulate presenters who are available at short notice for that evening's program. They can practice their soundbites in the television studio on the premises of the think tank.

### **Local Television Has Reinforced the Message of Naysayers**

The communications effectiveness of well-financed naysaying think tanks has been reinforced by the news policies of local television stations around the nation. Why is local television so important? Because national surveys, for example, by the Pew Research Center and the Times Mirror Center, show that the public trusts local television news the most -- more than network television news, local print news, or national print news.

The way local television news operates today is directly linked to supply-side deregulation of the communications industry in the 1980s. Deregulation meant that corporations could own 3 times as many stations as the old regulations permitted, and that those corporations were no longer required to keep a station 3 years before selling. The net result has been greatly increased corporate pressure for local affiliates to make money quickly. The measure of success is the Nielson rating, which ranks local stations. The rankings determine the value of commercials. Thus, for the 11 PM local half hour news in the biggest market, New York City, the difference between first place and third place is \$100M in annual revenues from commercials.

If station managers and news directors don't produce profits, they are replaced. In the words of John Kuenke, a Vice President at the Pulitzer Company in St. Louis, which owns television stations around the nation, "We're a publicly owned company and we have to pay attention to what our peers do and what analysts on Wall Street expect." The average tenure for a television news director is now less than 2 years.

This supply-side pressure for profits has resulted in most local station managers "giving the audience what it wants." Here is where crime and violence come in. Some national polling evidence shows that viewers want less violence on local news. But other polling evidence suggests that some people are attracted to crime stories. For example, a 1996 study by the Pew Research Center concluded that, in the eyes of viewers, crime outranks sports, local government and politics. Regardless of where the truth lies, local station managers have tended to conclude

that "if it bleeds, it leads." Crime and violence on the 5 PM, 6 PM and 11 PM local television news are thought to be the best way to maximize ratings, profits from commercials and the television manager's job security. The resulting high frequency of bloody and sensational stories also often embraces young minority males, who are demonized as offenders, and "welfare mothers," who are portrayed as inadequate parents.

In addition, there now is a much greater supply of crime and violence stories - from all over the nation -- for local stations to include in the news. The reason is that CNN has a policy of selling its daily video clips, including considerable crime and violence, to local stations. The CNN policy has pressured the ABC, CBS, Fox and NBC networks to share their daily video clips with their affiliates.

By contrast, 20 years ago, there was far less local news on crime and violence.

As George Gerbner, Dean Emeritus of the Annenberg School of Communications at the University of Pennsylvania, has observed, the result of the present violent and negative programming is the "mean world syndrome." Day in and day out, the average, middle class, suburban American viewer is left with the feeling that nothing works. This may increase the likelihood that the middle class viewer will conclude that policies like prison building are the answer, not replication of programs that do work.

Some defenders of the status quo respond to Professor Gerbner's arguments by saying that the purpose of local television news is entertainment and that the strength of television is to "capture personal moments" and "bring emotion into your home."

There are at least a few modest countertrends. For example, in Orlando, Florida, the general manager of WESH, the local NBC affiliate, believes that there is a distortion to polls showing crime news to be in demand. Because crime is mostly what people see, he reasons, crime is what they mention to pollsters. The plan at WESH is to create a balance between what works-type stories on issues and the raw emotion stories that are the mainstays of the ABC and CBS affiliates in Orlando. Another local example is Austin, Texas, where the top rated KVUE has cut crime coverage dramatically and still leads in its market.

### **National Television Has Barely Scratched the Surface of Reform**

At the national level, there currently are some examples of reporting on what works. CBS Sunday Morning has excellent segments, the PBS News Hour with Jim Lehrer has excellent features, ABC's World News Tonight has a segment on solutions, and some of the television news magazines occasionally will produce competent pieces on what works.

But the surface of reform has barely been scratched on national and local news programs, and the mean world imbalance remains, in our view.

In addition, on national media today, well-paid naysaying "experts" dominate television and radio talk shows and political discussion programs. On the latter, they are paired with other Washington beltway insiders comfortable in the corridors of power, not with persons who articulate what does and does not work based on scientific evidence.

At times, national media also have failed to communicate clearly programs and policies that don't work. For example, Washington Post reporter Howard Kunz concluded that "in the 1980s, most reporters and most editors...didn't want to challenge the government on a lot of fundamental stuff...No news media organization wanted to question authority." One result was inadequate media attention to the deregulation of the savings and loan industry, which eventually resulted in the bailout by Congress that is costing taxpayers \$32B per year for 30 years (Chapter 2) -- funds that could have, instead, been used to invest in what works.

### **Foundations That Support What Works Have Not Sufficiently Funded Communications**

By contrast to the foundations and corporations that support naysayers, foundations that support the development and replication of the kind of child, youth, family, community and economic development models discussed in this report, and that support policy based on scientific evaluation, have for decades viewed communications and media policy as outside of their mission. This reality is documented, for example, in *Corporate Media and the Threat to Democracy*, by University of Wisconsin Professor Robert W. McChesney. Not surprisingly, the what works message has been relatively ineffective in the print and especially the electronic media.

*In our view, the foundations that support what works and its replication -- based on scientific evaluation rather than political ideology -- can have a major impact with a new priority on communications and media. Significantly increased funding can better educate citizens and decision makers on what works and can potentially lead to a more receptive climate in which funding is more possible for replication to scale.*

### **Grassroots Nonprofit Organizations Deserve Media Training**

Locally, those who have the potential for arguing effectively on the media often are representatives of grassroots inner city nonprofit organizations that are responsible for much of what works. Yet these representatives have been insufficiently trained in how to use the media wisely. Usually, their organizations do not have the resources to hire communications directors -- while institutions

which practice naysaying almost always have impressive communications offices. Corporate and individual contributions are rare for communications operations by grassroots nonprofit organizations. Foundations and governments typically allow for only small amounts of funding for "information dissemination," and then only on a project-by-project basis.

To change all of this, our recommendation is for foundations that believe in what works to fund local, grassroots, indigenous nonprofit organizations to establish strategic communications plans and communications offices. Each nonprofit organization can better communicate its own program, and, through this public education, help raise funds and become more self-sufficient. Each nonprofit organization also can try to communicate what works in the local media. It can push for more local electronic media news and talk shows that embrace more of what works, less of what doesn't work, and less of a bleeds/leads philosophy. The local nonprofit can try local, cost-effective, alternative venues to conventional television, radio and print news. Such alternatives might include cable programs, more word of mouth street organizing and pamphleteering (as suggested by Bill Moyers), town meetings, and public service announcements crafted by the nonprofit organization itself -- modeled after the youth media enterprises at the Dorchester Youth Collaborative. (Chapter 3.) In particular, we believe there is great potential for replicating such youth media enterprises which communicate very effective messages, involve youth in popular and constructive activity in safe havens after school and even lead to income generation.

As Dorothy Ridings, President of the Council on Foundations, recently concluded, "It's time to consider communications as an integral part of grant-making strategy, not as an add-on or something to be avoided." The net result can be to add communications as a form of nonprofit institutional capacity building, to complement grassroots capacity building in management, fundraising, staff skill development and evaluation.

An example of how to begin such training of grassroots nonprofit organizations is the Eisenhower Foundation television school for senior staff of and youth leader at community and youth development organizations. Television school trainers are former CNN, ABC and Capitol Hill reporters. A cameraman on loan from NBC tapes each participant making a presentation on camera. The presentation is played back and critiqued. Then each participant is interviewed by a reporter, who sometimes asks hostile questions. The last exercise is a press conference, which also includes hostile questions.

The idea is to train grassroots community and youth leaders in how to keep cool in front of the hot television lights and how to frame good sound bites. The participants learn lessons like these:

- Keep in control. Always talk to the television audience, not the reporter/interviewer.

- Come to the presentation or interview with three priority messages -- and make sure you get them in.
- Make sure short statements that are memorable. "It costs more to go to jail than to Yale." "We took young men from the jailhouse to the schoolhouse."
- Use anecdotes.

Television school students also discuss the media's tendency to create conflict and controversy. Television interviewers seek conflict and opposition because they perceive controversy in terms of ratings and profits. Advocates for what works learn how not to respond to loaded questions -- and to promote their views within a framework in which they feel comfortable. Good television can, we teach, promote consensus building.

The Foundation has found that most grassroots leaders make good -- often dramatic -- progress after relatively brief television and media training. If adequately funded, trained and organized, such grassroots leaders can become, we believe, an effective, more democratic antidote to naysaying media, and its supply-side patrons.

### **National Collaboration**

National nonprofit organizations that believe in what works need to impact national media in the same way as local nonprofit organizations -- as part of the same adequate funding, training and management. For example, one part of a national Communicating What Works strategy might be a series of television events and public service announcements by well-known personalities who celebrate the many grassroots, nonprofit programs that work and the local heroes who run them. As Neal Pierce has asked:

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?

We need Whoopie Goldberg, Robin Williams and Billy Crystal celebrating what works on Comic Relief-type programs. We need new public service announcements showing Patrick Ewing at Argus in the South Bronx, Oprah Winfrey at Project Prepare and the Comer School Development Plan in Chicago and Bill Cosby at Delancey Street in Los Angeles.

National and local nonprofit organizations also can collaborate during election years to encourage and replicate models of media coverage of what works issues. For example, in the 1990s, the Charlotte Observer has polled readers on the issues that readers cared most about -- a kind of needs assessment. The Observer then

oriented its coverage to the public's greatest needs and concerns. Articles outlined alternative solutions to problems, and positions taken by the candidates on those solutions were assessed. As a result, voter turnout has increased.

Other newspapers around the nation have also improved their coverage of important local and national issues. For example, "Ad Watch" boxes that analyze and evaluate the content and honesty of candidate advertisements have become more common in newspapers across the nation. Even some radio and television coverage has become more substantive. For example, while National Public Radio's All Things Considered has continued its thoughtful coverage, MTV has upgraded its sensitivity to what works through its new Rock the Vote initiative that attempts to draw young people to the ballot box.

In the spirit of the Kerner Commission, there is a need to convene an annual, national communicating what works conference for nonprofit organizations to exchange best practices and orchestrate a campaign directed at national media and leaders. The national campaign ought to complement local campaigns.

### **Organized Labor Should Partner With Nonprofit Organizations**

In terms of funding, research, activism and energy, a central partner in communicating what works ought to be a newly resurgent organized labor movement. The demise of organized labor, especially in the 1980s, was partially due to the supply side assault against unionism. In the words of Robert W. McChesney, "Labor needs to devote significant resources to the policy battles against profit-driven communication and for public broadcasting. It needs to subsidize a healthy, independent, noncommercial journalism and media. It needs to learn the conventions of mainstream journalism well enough to improve the amount and quality of its coverage."

With organized labor in partnership with the nonprofit sector, the message ought to be that we know what works for the poor and the working class -- both of which have suffered under the supply-side ideology, as well as for the middle class, which essentially has remained at about the same income levels while the rich have gotten much richer. (Chapters 1 and 2.) The recipients of the message ought to be people of all class levels who want more child, youth, community, economic and job development, as well as people who see the need for more government responsibility for such development. Public education of this nature can lead to more private replication of what works, election of leaders who understand what works and pledge to replicate what works to scale, and appropriation of public funds (leveraged with private funds) to finance replication.

### **Reform of the Campaign Financing and Political Lobbying That Is Controlled By Big Money**

The betrayal of American democracy by big money means that the American political system is run by the American economic system. In the words of former Congressman Dan Hamburg (D., California):

The real government of our country is economic, dominated by large corporations that charter the state to do their bidding. Fostering a secure environment in which corporations and their investors can flourish is the paramount objective of both parties. Campaign finance works to place and keep in office those who willingly reproduce this culture. The covenant between the citizen and the law, as recapitulated through the electoral process, has lost its meaning. Campaign finance is a useful way of looking into a larger question: In an era of increasing economic globalism, when the state itself is fast becoming a subordinate entity, what is the relevance of being an American citizen?

How did our political system get taken over by our economic system? How can we reform campaign financing to make being an American citizen more relevant?

### **Origins in the Supreme Court**

Some answers lie in the Supreme Court.

In 1976, in *Buckley v. Valeo*, the Court invalidated caps on campaign spending, viewing them as infringements on First Amendment rights of free speech. Critics contend that the Court was naive to conclude that government has no legitimate role in balancing the playing field to give poorly-financed candidates more of a chance against well-financed candidates. Wrongly, say the critics, the decision equated political money with free speech, as shown in Figure 5-1. As a result of the decision, candidates have the right to spend as much money as they possess and as they can raise.



Scott Turow concludes:

As long as politicians must approach the well-to-do on bended knee to secure their chances for election, it is inevitable that the concerns of that narrow segment of the society will have a disproportionate influence on national policy.

Is it entirely coincidental that in the post-Buckley period, as the cost of campaigns has skyrocketed, historical patterns have reversed themselves and the incomes of the top quintile of earners have risen faster than the earnings of other Americans? In the years since Buckley, both the top income tax rate and the tax on capital gains have dropped considerably, the work of both Democratic and Republican administrations. How much

of this decline was influenced, however subtly, by the fact that those who benefitted the most were the people who for the most part were being asked to finance campaigns?

Today, the resulting stranglehold of big money on the American political system and the public agenda is illustrated by:

- Lavish corporate subsidies to our 2 official political parties.
- The contribution of as much as \$1M into our national elections by individual foreign interests.
- The virtual elimination of competition by Congressional incumbents whose enormous war chests full of fat cat money insure a re-election rate of over 90 percent.
- Corporate sponsorship of the carefully scripted, plastic, made-for-television conventions of the 2 parties.
- Ongoing mobilization of special interest money by members of Congress.
- Shakedown of fat cats by elected officials dialing for dollars.
- The purchase of legislative and regulatory "relief," to use Washington Beltway jargon, by lobbyists who represent the interests that get the politicians elected and re-elected.

In 1996, the current system of campaign finance produced what former Common Cause President Fred Wertheimer called "the dirtiest election ever."

### **Presidential Campaigns.**

Dollarwise, the worst abuses in the present system are found in Presidential campaigns. First come the primaries -- or, rather, what Professor Jamin Raskin at the American University School of Law calls the "wealth primaries." Primary candidates vie to collect thousands of \$1,000 contributions from the "toniest zip codes" in Hollywood, Miami, the Hamptons and elsewhere, and from the biggest money czars on Wall Street, who have become much richer as a result of the supply-side economics of the 1980s. The Election Commission then partially matches these \$1,000 contributions -- thereby doubling the power of the rich to buy candidates.

When the person most clever with this political venture capital captures his party's nomination, tens of millions more of the taxpayer dollars of ordinary citizens are released to pay for the television-scripted party conventions, which don't let many ordinary citizens participate, and for the general elections. At the same time, the 2 nominees can recycle back to the rich donor elites and ask for unlimited, private "soft money" contributions. Ostensibly, these are for the administrative costs of the parties, not for the direct campaign of the candidates. In fact, the "soft money," which some critics call "sewer money," is used, for example, for



television advertising "on the issues." But most of this amounts to television advertising for the candidates, and negative advertising against their opponents.

Such television advertising is the biggest expense in a campaign. It often is based on the same distortion of truth, and hence the same lack of moral virtue, as the commercial television advertising of the supply side ideology. For both beer ads and political ads, the goal often is similar, says Robert W. McChesney -- to find those "decontextualized facts, half-truths and outright lies [that] can be successfully deployed against an opponent... The implications for democracy are disastrous."

As a result of the existing rules, in the 1996 Presidential election, the candidates who won the nominations of the 2 official parties originally raised \$63M in private money. Current law then released \$150M to the campaigns -- which then raised more "hard" money (directly for the campaigns) as well as the soft or sewer money for "issues" and "party administration."

### **Congressional Campaigns**

A study by the Center for Responsive Politics on the 1996 Congressional elections put the overall price tag at \$2.2B, making it the biggest money election in U.S. history. The average winning campaign for the House cost \$673,000 in 1996, 30 percent more than in 1994. The average Senate seat cost \$4.7M in 1996, up slightly from the average in 1996. Leading the pack in total contributions was Phillip Morris, at \$4.6M, 79 percent of which was contributed to Republicans. Business interests made \$653M in contributions in 1996, 60 percent to Republicans. Unions made \$58M in contributions, in 1996, 93 percent to Democrats.

The Center for Responsive Politics study presents the clearest statistics ever on how corporate campaign contributions shift to those in power. The Republican takeover of Congress and all its committee chairmanships in 1994 prompted a massive shift in corporate political contributions. The Republican share of donations from political action committees and individual business donors grew from 49 percent in 1993-4 to 63 percent in 1995-6. In terms of the richest and most powerful industries, the shift, for example, in defense industry contributions was from 39 percent Republican in 1993-4 to 70 percent Republican in 1995-6. In the energy and natural resources industry, the shift was from 57 percent Republican in 1993-4 to 77 percent Republican in 1995-6.

Soft money contributions to Republicans and Democrats in the 1996 Congressional elections were about equal, concluded the study. But Republicans received \$416M in hard money contributions compared to \$222M for Democrats.

### **Access**

As Elizabeth Drew concludes in her book *Whatever It Takes*, the campaign money buys access to the persons elected. "Access can lead to influence, which can lead to a policy result.... This can be an amendment that is pushed, a regulatory ruling, a contract, or special attention from a Cabinet officer. Virtually all of this the public doesn't see and, frankly, unless someone is very indiscreet, it's hard to prove. People will say, of course, that they made their decision on the merits."

An example of money and access among Democrats involved a group of Indian tribes that gave the Democratic party \$270,000. The group also asked the Administration to reject an application to the U.S. Interior Department for a casino project by a rival coalition of Indian tribes. The Interior Department rejected the application, even though it was approved by the Department's regional office.

An illustration among Republicans is the Amway Corporation. From 1994 to 1997, Amway gave \$3.9M to the Republican National Committee. As part of a sweeping 1997 tax bill, a lucrative measure championed by the Republican national leadership was passed that eased international tax rules on the Asian affiliates of Amway.

Regardless of which party is in power in Congress, the ability of the rich and corporations to hire well-paid lobbyists has resulted over time in a lucrative corporate welfare program. Most taxpayers do not realize that anywhere from \$60B to over \$150B in corporate subsidies and tax breaks is given out each year (with the exact amount varying by definition and source -- see (Chapter 6). For example, a typical beneficiary of such subsidies is J.R. Simplot of Grandview, Idaho. In a recent year, he paid the government \$87,430 for the privilege to graze cattle on public land, according to the National Wildlife Federation. If the government had billed Mr. Simplot at free-market prices, he would have paid \$410,524. It is not as if Mr. Simplot is going to suffer without such corporate welfare. He is on Forbes 400 list of richest Americans, with an estimated worth of over \$500M. But he is protected by the powerful agribusiness lobby.

The Washington, D.C. lobbyists who get these results for the rich are extremely well paid. Perhaps the most notorious lobbying operation is Hill and Knowlton, which has accepted some of the world's most unsavory clients -- like the People's Republic of China to enhance its image after the Tiananmen Square massacre, the brutal Duvalier dictatorship in Haiti, and the scandal-plagued bank of Credit and Commercial International.

Based on first-hand experience, former Congressman Dan Hamburg has summarized how such lobbyists buy the votes of elected officials:

The lobbyist meets you at the door of your office as you're returning from the floor (lobbyists have an uncanny knack for finding members and

waylaying them). He states his case. He's a nice guy, he sounds authoritative on the subject. You're inclined to say, "Fine, I'll be glad to support your position," or at least, "I can't say how I'll vote but I think what you say has a lot of merit." The fact that this person has handed you two checks for \$5,000 over the past months certainly helps seal the deal. The vast majority of your constituents will never know what has happened; the consequences will be well hidden.

Similarly, Hamburg relates how committee chairpeople typically receive more from corporations and fat cats than most other members of Congress. The chairpeople control whether legislation can proceed from their committees to the floor of the House or Senate for a vote. Proposals that are perceived by moneyed interests as truly threatening tend never to make it out of committee onto the floor.

Those with a supply-side ideology that favors the rich contribute the most to campaigns and pay the most for lobbyists who influence the voting of those who are elected. The economic and political rules are the same. The truly disadvantaged, of course, have neither money to contribute to campaigns nor to buy lobbyists.

### **Reform**

To combat corruption, some advocate for a Constitutional amendment to overturn Buckley. We agree, but do not think that is politically feasible any time soon. Instead, we agree with E. Joshua Rosenkranz, Executive Director of the Brennan Center for Justice at New York University School of Law, that at least 3 other strategies are more feasible at present.

The first strategy is a campaign to persuade the Supreme Court to correct the 1976 Buckley ruling. With 5 votes needed and openly challenge already made by sitting Justices on the left (Ginsburg and Stevens) and right (Thomas), by attorneys general in at least 22 states and by the great majority of American legal scholars, the foundation for a reform movement already is in place. Reformers need to push for legislation that boldly challenges Buckley. Activists must educate the public on how Buckley insures a system where the rich get richer and the poor get poorer. They must encourage Presidential candidates who will make Supreme Court appointments that will help overturn Buckley. Scholars must articulate alternatives to Buckley that sound reasonable to the Supreme Court.

Second, activists must continue to pressure Congress to close the soft money loophole.

The third strategy is to recognize that there is no constitutional impediment against Congress enacting full public financing to candidates who voluntarily agree not to raise private funds. Nor is there a constitutional barrier against

Congress providing partial financing for candidates who agree to limit their fundraising.

This third strategy has been called Clean Money Campaign Reform. Its premise is, as far as possible, given the present limitations imposed by Buckley, to expel private money from election campaigns, eliminate the wealth primaries, democratize the political process, and encourage new candidates who are focused on issues and what works.

Public opinion polls show popular support for such Clean Money Campaign Reform. For example, in 1996, the Mellman Group found 68 percent of those polled in a national survey to support a plan in which candidates would no longer raise money from private sources. Instead, each candidate would receive a set amount of money from a publicly financed fund. Spending by candidates would be limited to the amount they receive.

In fact, the state of Maine passed a Clean Election Act in 1996, and it has become a national model. The Act established public financing in the state's races and severed the cash link between special interests and public officials. *In terms of lessons for replication in other states, the Act was passed through a campaign by a broad grassroots coalition and succeeded because progressives used such sound bites like "honest campaigns" and "clean elections" that resonated with voters.*

However, until Buckley is overturned, the Maine law remains a voluntary system. We can set up such Clean Money Campaign Reform only as long as candidates also are free to move beyond it and raise private money. If this sounds like Washington, D.C. Alice in Wonderland reasoning, it is. But it still is an important step forward. It at least creates a strong public finance system that can begin to rival the private one.

Such a new public system can enable new voices to be heard. For example, less than one half of one percent of the public are millionaires, yet there are about 100 millionaires in Congress today. The Democratic and Republican campaign committees actually pursue explicit strategies to recruit millionaires. But, as Jamin B. Raskin asks, "[W]hat if we had 100 more people in Congress who were schoolteachers, union members, truck drivers, computer operators, writers, artists, hell-raisers and whistleblowers, people on government assistance, poverty lawyers and so on? What if we had three dozen members of Congress belonging to new parties?"

The Maine experience has been a model to over 20 more states, where campaigns for Clean Money Campaign Reform are in various stages. Nationally, in 1997 Senators John Kerry, Paul Wellstone and John Glenn began pushing a Clean Money, Clean Elections bill, which would:

- Create a voluntary public financing system that provides a fixed amount of funds to candidates who demonstrate a threshold of public support by collecting at least 1,000 contributions of \$5 apiece and who agree not to raise private, or spend personal, money once they receive public funding.
- Furnish matching funds, up to 3 times the amount of the original public subsidy, to candidates who are outspent by privately financed opponents or who are targeted by independent expenditures.
- Provide candidates with 90 minutes of free broadcast time on geographically relevant radio and television stations, and a guarantee of half-price broadcast time beyond that allotment.
- Require public-financed candidates to agree to participate in at least one primary and 2 general election debates with other candidates.
- Ban political party soft money entirely.
- Suspend incumbents' mass-mailing franking privileges in election years.

Ellen S. Miller, Executive Director of Public Campaign, concludes that such Clean Money Campaign Reform is "the reform that makes all other reforms possible" -- whether the other reforms are cleaning up the environment, breaking the oligopoly of corporate media that create the mean world syndrome, creating meaningful voting rights, or replicating what works to scale for the truly disadvantaged.

Even with adequate funding, of course, reformers will be fighting against the odds for many years to come. Senators Kerry, Wellstone, Glenn, McCain and Feingold are important exceptions, but most politicians don't want real reform. The current regimen works for them. Some support safe, marginal reform, like the elimination of soft money, that fails to really change the status quo. Others rabidly oppose any change.

As with Communicating What Works, Clean Money Campaign Reform will depend on hundreds of nonprofit organizations working in concert at the grassroots and national levels. The national groups, for example, include the Center for Responsive Politics, Common Cause, Democracy 21, the League of Women Voters, Public Campaign and United We Stand America. They need an infusion of significantly more resources from the private sector.

Success with Communicating What Works should put into play new optimism, attitudes and behavior by citizens and decision makers in the public and private sectors -- people who, in turn, better recognize how knowledge is not enough when money stands in the way.

*Real campaign finance reform will not guarantee replication to scale of what works for the truly disadvantaged and the inner city. But without it, big money always will insist on other priorities. With real campaign finance reform, we may have more political campaigns determined on the issues and more politicians dedicated to what works.*

## **Giving Priority to Public Funding**

Chapter 5 has been about communicating that there are ways to spend public dollars and about overcoming political corruption so we can have more informed debate on public issues and budgets.

Why have we given priority to public sector funding? We agree on the need for private foundation and private corporate financing of what works for the truly disadvantaged. But foundations and corporations are the first to admit that they can finance only a small proportion of what is needed to replicate to scale. And, although philanthropic giving has increased in recent years, as a result of supply-side economics making the rich richer, the increased giving has gone disproportionately to cultural groups, religious groups, and colleges and universities. It actually has become harder to secure funds for the kinds of human investment programs that work for the truly disadvantaged and inner city, according to the Chronicle of Philanthropy. In part, this probably reflects the communications effectiveness of naysayers who assert that little works, and who therefore conclude human investments are not wise for philanthropists.

It also is true that, when the private sector has tried to turn around inner city neighborhoods and generate good jobs for the truly disadvantaged on its own, with significant public funds, it has failed, for the most part. The best illustration may be South Central Los Angeles, where 1980s-style enterprise zones and similar tax break initiatives were tried but where the unemployment rate for young minority males today, 6 years after the 1992 riots, is well over 30 percent.

## 6. Investment

In *When Work Disappears*, Professor William Julius Wilson at the John F. Kennedy School of Government at Harvard University concludes (emphasis added):

*For the first time in the twentieth century most adults in many inner city ghetto neighborhoods are not working in a typical week. Despite increases in the concentration of poverty since 1970, inner cities have always featured high levels of poverty, but the current levels of joblessness in some neighborhoods are unprecedented.*

The consequences of high neighborhood joblessness are more devastating than those of high neighborhood poverty. A neighborhood in which people are poor but employed is different from a neighborhood in which people are poor and jobless. Many of today's problems in the inner-city ghetto neighborhoods -- crime, family dissolution, welfare, low levels of social organization, and so on -- are fundamentally a consequence of the disappearance of work.

In Appendix 1 of the present report, Professor Wilson and his colleagues add:

After decades of lackluster attempts to define a national policy that would create jobs, it is still unclear how [current welfare reform] will contribute to employment objectives. . . Even more worrisome is the fact that little or no attention has been paid to male joblessness, which is inextricably tied to the welfare receipt of mothers and the well-being of children. . . The problems in the ghetto have compounded over the years as work disappeared and the illegal economy flourished. Consequently, the ominous predictions of the Kerner Report have become our urban reality.

The net result of the Kennedy School analyses is to provide a carefully researched rationale for a spacially targeted inner city full employment policy based on what works, with co-targeted investments in education, economic development, macroeconomic policy, race policy and criminal justice policy to reinforce the primary goal of job training and creation. Chapter 6 makes budget-specific proposals for each of these policies, proposes several new national nonprofit and quasi-governmental entities to implement them more cost-effectively than present bureaucracies and specifies how the existing federal budget can be reordered to finance the investments.

### **Investments in Children, Youth and Public Urban Education**

Our employment policy is designed to respond to the truly disadvantaged who need jobs now. But we simultaneously need to insure that their children don't fall into the same trap. Here we propose to replicate to scale the models that we detailed in Chapter 3.

Based on what works, the logical place to begin is Head Start for all eligible children, with sufficient funds to manage Head Start agencies and adequately supervise volunteers. (See Chapter 3.) Only about one third of eligible children presently receive Head Start. Full funding will cost about \$7B more per year.

The effects of Head Start will diminish after children graduate, at age 5, as discussed in Chapter 3. To continue Head Start-type programming for children and youth aged roughly 6 to 18, we proposed a Corporation for Youth Investment. The Corporation will be a national nonprofit intermediary organization that merges federal funds with local public matches and private sector matches. It will target these resources to grassroots nonaffiliated nonprofit youth development organizations and also to some national youth development organizations -- to replicate youth safe havens, the Quantum Opportunities Program and variations on these proven successes -- including the mentoring of youth by police. The Corporation will help upgrade the capacities of existing youth development organizations and help create more of them. The Corporation will be federally funded at \$1B per year. This level of investment, for example, can finance 5,000 after school safe havens at \$100,000 each per year in the toughest neighborhoods, plus almost 200,000 at-risk inner city high school students per year in Quantum Opportunities. The goal will be to keep children and youth out of trouble, develop their potential for staying in school and provide safe passage through adolescence in a risky society.

With federal funding from the Department of Health and Human Services (HHS), the Department of Housing and Urban Development (HUD) and the Department of Justice, the Corporation will be accountable to these agencies, which will be represented on the Corporation's board, along with foundation leaders and nonprofit organization leaders. Such a national, private, nonprofit national institution will, based on our experience, implement programs more efficiently than a public sector institution. It can leverage public funds against local public funding and especially private sector funding more cost-effectively than a federal agency. A private sector entity of this kind can assemble a talented, dedicated private sector staff, with private sector salaries and a commitment to remain with the institution for a sufficient time -- say 5 to 10 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 20 months. This makes it more difficult to develop a long-term program of carefully implemented and beneficial reforms.

Based on lessons from the street summarized in Chapter 4, the new Corporation will facilitate grassroots community-based nonprofit replications that yield



multiple and flexible solutions. The local replications will be creatively led, well managed, adequately resourced, technically assisted and trained to communicate on the media.

At the same time, we propose \$15B per year in urban public school reform -- based primarily on replicating the Comer School Development Plan, the Carnegie Council's Turning Points reforms, the full service community school reforms of Joy Dryfoos in Safe Passage, New Vision schools and Project Prepare. (Chapter 3.) There are about 85,000 public elementary, middle and high schools in the nation. Roughly 15,000 serve truly disadvantaged youth in inner cities. The average number of youth in these schools is about 1,000. Joy Dryfoos believes that the needed reforms would cost about \$1,000 per student per year. Hence,  $15,000 \times 1000 \times \$1000 = \$15B$  per year.

We propose that this funding, by the Department of Education, be channeled to a new Safe Passage Commission, as suggested by Joy Dryfoos in Safe Passage. A quasi-governmental entity, the Commission will set standards and make annual formula block replication grants based on need to inner city school systems and nonprofit organizations that work with the schools. As needed, the Commission will have the authority to require changes in local school bureaucracy and administration as a condition of the grants. The Commission will be accountable to the Department of Education and have a board that includes representatives from the Department, school systems and nonprofit community groups. As the Corporation for Youth Investment, the Commission will be staff by adequately paid, well managed professionals who make longer term commitments.

### **Investments in Employment**

In 1968, the Kerner Commission concluded, "Employment... not only controls the present day Negro American, but in a most profound way it is creating the future, as well." In response, we propose to create a national nonprofit Corporation for Employment and Development -- through which federal urban employment and economic development funds will be channeled, coordinated and co-targeted to the poorest inner city neighborhoods, where state, local and private funds will be matched. The Corporation will create multiple solutions to multiple problems and a policy of comprehensive interdependence, based on the lessons of Chapter 4.

At present, neither a coordinated policy nor integrating entity exist. We do not think it wise to attempt the coordination we envision by giving the lead to anyone existing federal agency. The last time a coordinated urban policy was attempted, by the Carter Administration, the lead was given to one agency (HUD), and other agencies (mainly Commerce, Education, HHS, Interior, Justice, Labor, Transportation and Treasury) were asked to cooperate. This did not happen -- there were many "turf" struggles. Accordingly, we here propose that the White House provide policy oversight, but, for day-to-day administration, that a national nonprofit intermediary organization be established through which funds can be

merged and passed through. (The new entity also could be a quasi-governmental agency, rather than a national nonprofit intermediary.) The new organization must be accountable to the federal agencies that provide funds. Those agencies will sit on the board, as will mayors, foundation partners and representatives of other national nonprofit organizations in employment and economic development -- like Argus, the Center for Community Change, the Enterprise Foundation, the Local Initiatives Support Corporation and the Opportunities Industrialization Centers of America, to name but a few possibilities. For-profit successes in the inner city, like The South Shore Bank and the Telesis Corporation, also need representation.

The Corporation will merge federal and foundation funds and distribute them as employment and development block grants to urban centers with the highest concentrations of the truly disadvantaged in impoverished inner city neighborhoods. There will be formulas for the dollar amounts, based on need. Localities will need to apply for the funds each year. The primary function of the staff of the Corporation for Employment and Development will be to assure that the local plans proposed to the Corporation effectively coordinate job training, job placement, job retention and job creation -- for private sector jobs as well as public sector jobs. These jobs will be for all those unemployed and underemployed in the inner city, including persons coming off of welfare.

The entities receiving the funds will be local Employment and Development Councils, which will replace the Private Industry Councils that have carried out the Job Training Partnership Act. The model for local Councils is based in part on proposals by former Secretary of Labor Ray Marshall and Marc Tucker, President of the National Center on Education and the Economy in their book, *Thinking for a Living*. The local Employment and Development Councils will be composed of city government officials, nonprofit organization officials, labor leaders and business leaders. The local Employment and Development Councils will write the applications for funding, receive the funds, financially manage the funds and be the entities held accountable. For actual administration of programs, the local Councils will pass funds through to city government and local nonprofit organizations. The local Councils also will be funded to expand the capacities of existing nonprofit organizations and create new ones. The role of local corporations and businesses will be to provide private sector jobs, for which the truly disadvantaged receive training before they are placed (unlike the "work first" requirement of current welfare reform).

How many jobs are needed? How much funding will be required for job training? How can local economic development policy better be coordinated to generate local private sector jobs? Given the failures of JTPA in generating sufficient jobs for the truly disadvantaged, what level of public sector job creation will be needed? What follows are some answers.

### **The Jobs Gap**

At the time this report was released, the official national unemployment rate was under 5 percent. But former Labor Secretary Marshall has estimated that the real national unemployment rate is closer to 15 percent. Among experts on employment, there is little disagreement that the real national unemployment rate is considerably higher than the official rate.

Conservatively, the Center for Community Change has estimated the "jobs gap" at 4,400,000 jobs needed as of late 1997. That is, in spite of the robust economy and political spin about virtual full employment, the Center estimated that the equivalent of 4,400,000 people were experiencing serious labor market difficulties. Table 6-1 summarizes how the Center reached this total. About 2,100,000 were people unemployed for more than 15 weeks, the official Bureau of Labor Statistics (BLS) cut off point for defining unemployment. The BLS also acknowledges "discouraged workers" -- 328,000 "chronic jobless" who are not counted in official unemployment figures. An additional 3,900,000 must work only part time because they cannot find full time work. These workers are classified as "economically underemployed." Like the "discouraged workers," the "economically underemployed" are not counted in official BLS unemployment. Under the assumption that these people are engaged in at least half time work, economists can estimate that 2 such "economically unemployed" people equal one "full time equivalent" unemployed person. Hence, it can be estimated that 3,900,000 part time "economically underemployed" persons equal about 1,950,000 full time "economically underemployed" persons. The sum of officially unemployed persons, unofficial "discouraged workers," and unofficial full time equivalent "economically underemployed" workers is over 4,400,000. This is a very conservative estimate. For example, it excludes incarcerated offenders. Professor Richard Freeman at Harvard University estimates that jobs would exist for only half of the 1,300,000 men now incarcerated.

How many of the 4,400,000 are in inner cities? No precise figures are available. One BLS estimate is 1,750,000, but this again excludes "discouraged workers" and the "economically underemployed." Our guess is that the number is, conservatively, in the range of 2,000,000 to 2,500,000, anticipating, in addition, increased numbers because of welfare reform.

There are several reasons why this jobs gap exists in spite of low national unemployment, based on existing studies. The skills levels of many inner city jobless people do not match the type of jobs being created in the economy. Part-time, low skill jobs that may be available do not pay enough to lift families out of poverty. Location is another factor. Many of the jobs created in the last decade are in suburban locations virtually inaccessible to many of the inner city jobless. In

**Table 6-1**  
**Unemployment Totals as of September 1997**

Official unemployed for 15 weeks or longer	2,127,00
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"Discouraged workers"	328,000
Full time equivalent "economically underemployed" persons	1,958,000
<b>Total</b>	<b>4,413,000</b>

**Source: U.S. Bureau of Labor Statistics and Jones (1997)**

addition, studies continue to document racial discrimination. Researchers have continued to uncover biases by employers against hiring job seekers who are trying to escape inner city poverty. For example, in studies of East Harlem and of Brooklyn's Red Hook public housing development, employers preferred new immigrants (typically from Eastern Europe) over local residents -- by wide margins. In related studies, African-American applicants have been rejected by inner city employers at higher rates than similarly qualified job seekers of other ethnic groups -- even when hiring decisions were made by African-American employers.

These barriers are all the more formidable given the insufficient supply of entry-level job opportunities nationally that is becoming even more insufficient as a result of welfare reform. Some welfare recipients have work ready skills. Many others are not work ready, but possibly could become ready through Argus-type training (as described in Chapter 3). Still others have no work experience and will have great difficulty in the labor market. With its "work first" focus, current welfare reform shows little evidence of being created for persons who are not work ready. *Based on the experience of the Job Training Partnership Act and of welfare-to-work experiments to date, one cannot be optimistic that the private sector will generate anywhere near the number of jobs needed to close the jobs gap.*

### **A New Comprehensive Workforce Training System**

Table 6-2 shows public spending on job training and placement as a percent of Gross Domestic Product (GDP) for the most industrialized countries in the world. Almost all industrialized countries have a higher percentage than the United States -- typically a much higher percentage. Far from compensating for the lack of public investment, private employers in the U.S. make this training gap even wider. On the average, private sector American employers invest about 1.5 percent of their gross income in worker training -- while private sector European employers invest 5 to 6 percent.

One function of the Corporation for Employment and Training will be to reduce this training gap. We need to replace the Job Training Partnership Act with a system that better is authorized by Congress to serve the truly disadvantaged.

**Table 6-2**  
**Public Spending on Training and Placement,**  
**as a Percent of GDP**

Country	Training and Placement
Australia (1994-95)	0.26
Canada (1995-96)	0.33
France (1994)	0.74
Germany (1995)	0.57
Italy (1994)	3.50
Japan (1994-95)	0.03
Netherlands (1995)	0.25
Sweden (1994-95)	1.11
United Kingdom (1994-95)	0.26
United States (1994-95)	0.11

**Source: Center for Community Change (1997)**

We envision the Job Corps program to continue to be administered by the Labor Department -- with a coordinated focus on the same high-risk populations that the Corporation for Employment and Development will serve. But all other JTPA funds and other Labor Department funds designated for training the truly disadvantaged in urban areas will be passed through the Corporation for Employment and Development. Depending on the kind of population served (for example, out-of-school youth versus older welfare recipients), Argus-type remedial education, job training, placement and retention follow-up will cost in the neighborhood of \$5,000 to \$8,000 per person over about 9 months. We believe that \$6,000 is a reasonable average. With our ballpark estimate that 2,000,000-plus persons need training, the total cost is over \$12B. It would be impossible to train all in one year, given the existing capacities of nonprofit training institutions located in or serving the truly disadvantaged, along with the existing capacities of local government agencies that are capable of providing Argus-type training. The number of persons who need to be trained is not static, because new groups come of age and need training each year. In addition, many more will need training each year as a result of welfare reform. Once trained, we expect high retention from an Argus-type experience (compared to low JTPA and welfare reform retention). But, to be realistic, we can expect a percentage of those trained to drop out and need additional retraining or at least placement and retention follow up. Taking all of this into account, our guess is that a job training program that provides Argus-type training to 750,000 persons per year is the most we can expect to train initially. At such a level, the minimum training expenditure required is about \$4.5B per year for at least 5 years, with the goal of training all those presently in need of training, plus persons leaving welfare. Thereafter, this funding level will need to be reassessed, based on new estimates of how many new and recycled persons need training each year. These estimates assume that Job Corps will continue to be funded at present or increased levels of funding -- above and beyond the \$4.5B per year in new training. Our estimates do not address the important training needs of impoverished persons in rural areas.

## **Private Sector Job Creation**

Another key function of the Corporation for Employment and Development will be to coordinate federal urban economic development funding, co-target funding to the same urban poverty neighborhoods where new job training is targeted, increase the likelihood that federal economic development dollars generate private sector jobs for the truly disadvantaged, and assure that the persons in Argus-type training actually get placed and retained in those job. Although the Corporation for Employment and Training will allocate federal funds to local Employment and Development Councils by formula block grants, it will have the authority to reject local grant applications until they meet new high standards of complementary job training, job placement and economic development.

We recommend that HUD Community Development Block Grant (CDBG) funds, HUD funding for low income housing construction and rehabilitation, Department of Commerce Economic Development Administration (EDA) funds, and Department of Transportation urban mass transit funds be passed through, merged and formula block granted by the Corporation for Training and Development. Similarly, economic development funds from other federal agencies should be passed through the Corporation. As a condition of the block grants, local and state match funds for economic development should be co-targeted.

In the present section, we ask how federal economic development resources and local matching requirements can more cost-effectively be focused by the Corporation for Employment and Development to generate private sector jobs for the truly disadvantaged, who receive training based the principles of Argus. In the next section, we discuss federal investments in public sector jobs -- including public services and public infrastructure construction and repair jobs.

Much more than present policy, a coherent new economic development policy needs to link economic development to:

- Poverty reduction
- Workforce planning
- Community development, banking and entrepreneurship opportunities.
- Low income housing construction and rehabilitation
- Industrial sector strategies
- Job access strategies
- A living wage

**Poverty Reduction.** In a 1993 National Leagues of Cities survey, only 10 percent of local officials said that reducing poverty was one of their top 3 economic development goals. The Empowerment Zones that currently are being tried in 9 cities are more targeted to poor neighborhoods than most other federal economic development funds. However, Empowerment Zones have not yet been evaluated as successful. And local economic development policy remains disconnected from anti-poverty policy. As part of the formula block grants channeled through the Corporation for Employment and Development, we believe that CDBG, housing, EDA, urban transit and other economic development grant regulations should be revised to require that the number one outcome is the reduction of poverty. Local and state matches also should have this requirement.

**Workforce Planning.** Local economic development is based for the most part on large real estate development and business attraction. Local economic development typically is conducted without planning to employ the truly disadvantaged, assuming they can be made job ready through Argus-type training. As part of the formula block grants channeled through the Corporation for Employment and Development, CDBG, EDA, urban transit and other federal funds should require such planning.

**Community Development and Entrepreneurship Opportunities.** Local economic development policy often is geographically targeted to the downtown and to major industrial areas. Frequently, local economic development policy will not identify specific, distressed communities and neighborhoods as targets for economic development. Housing, CDBG, EDA, urban mass transit and other federal grants should require more neighborhood-based targeting. Exactly what is targeted will depend on the circumstances in a specific community. For example, the priority might be on revitalizing the commercial district of the neighborhood or on strengthening a specific economic sector (like health care) that may have historical roots in the area. Such development should be led by community development corporations.

It also is time to create a National Community Development Bank, as part of the Corporation for Employment and Development. Modeled after the South Shore Bank (Chapter 3), the National Community Development Bank will capitalize local community development banks and businesses in neighborhoods. We recommend an initial capitalization of \$1B.

The local community development banks that the National Community Development Bank would, in turn, help capitalize should assist entrepreneurs and expand infrastructure by establishing small-business development centers. Such centers can provide auditing services, automated inventory-control business planning, and accounting-control systems. Local community development banks should encourage loans to established grocery stores, bank branches, clothing stores, pharmacies, and other retail services. Such services not only are

convenient for shoppers, but reinforce a sense of community. These businesses provide jobs and opportunity for entrepreneurship for inner-city residents.

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. Despite 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, commercial loans can be as important to neighborhood stability as home mortgages. That is why 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 coverage plays an important role in the success or failure of neighborhood business districts.

New community banking initiatives should move cautiously by funding a few local development banks at first. Only a small pool of trained and experienced development bankers is available to train new staff. Development banking requires patience. It will not yield immediate and dramatic results. The risk of mistakes is increased 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.

**Low Income Housing Construction and Rehabilitation.** For now, Congress has largely withdrawn from direct financing of new low income housing for the truly disadvantaged. What remains is a low income tax credit, which costs about \$3B a year. It accounts for over 90 percent of the low-income housing presently built in this country, or some 100,000 units per year. The tax credit goes to corporations that invest money through nonprofit community development corporations to construct or rehabilitate housing for the poor. The tax credit is an inefficient trickle down supply-side mechanism. But it does use community development corporations to do the work. We recommend a more efficient, direct funding mechanism in which HUD, LISC and the Enterprise Foundation target funds to community development corporations. The Corporation for Employment and Development then must better co-target housing construction and rehabilitation to the same low income urban neighborhoods where other federal economic development dollars are targeted. There also is a need to use the nonprofit YouthBuild USA (Chapter 3) to train unemployed and underemployed persons in these neighborhoods for entry-level rehabilitation and construction jobs.

Industrial Sector Strategies. If there is a private sector industry that is growing and producing a large number of jobs, local economic development policy often, wisely, will try to further help this growth. Yet rarely is there a plan to make sure



that the truly disadvantaged can benefit. One exception -- a model for us -- is the Target Industries and Employment Program of the Portland (Oregon) Development Commission. The Commission concentrates on 3 industrial sectors - semiconductors, health and metals. It works with firms undergoing expansion in these sectors in Portland and with firms that want to relocate in Portland. The Commission tries to fill the jobs generated with residents from the inner Northeast area of Portland, which is a largely African-American, low and moderate income neighborhood. Formula block grants by the Corporation for Employment and Development should encourage replication of this model.

Such a sector-specific local policy needs to include retention strategies to save existing jobs. For example, small manufacturers often need advice on financing, management and marketing in order to stay in business. The Center for Community Change has found that such retention strategies can be highly cost-effective ways to save jobs for low income populations.

**Job Access Strategies.** Even if significant new private jobs are created for the truly disadvantaged via requirements on formula block grants passed through the Corporation for Employment and Development, and even if the Corporation simultaneously has success in starting a new job training system modeled after Argus, access to jobs will remain a central issue. Here, improved placement agencies, transportation policies and day care policies can play important roles.

Local government agencies have job placement agencies. However, nonprofit organizations like the Association of Community Organizations for Reform Now (ACORN) argue that neighborhood-based one-stop hiring centers can out-perform government agencies, be more personal and be located closer to where people live. ACORN presently is establishing such neighborhood agencies in 12 cities. We have not yet seen proof that they outperform local government agencies, but believe that such neighborhood centers should be tried and carefully evaluated, as part of the plans of local Employment and Development Councils.

Inadequate transportation from home to work is a serious problem for the truly disadvantaged, who often do not have cars. Public transportation often is unavailable, especially to suburban job locations. If public transportation is available, it can mean several transfers and many hours of commuting. In response, local governments need to redesign bus routes, among other reforms. Such redesign should be a condition of federal formula block grants -- here especially via funds from the U.S. Department of Transportation. Presently, several special transportation linkage demonstration programs are underway. For example, in "Bridges to Work," Public/Private Ventures is being funded by HUD to test strategies like employer van pooling and ride sharing. If they prove successful, such demonstrations need to be proposed by local Employment and Development Councils.

Working parents, including single mothers, need to find ways of financing adequate daycare for their children while they are working. The federal government has cut back on funding day care as part of welfare reform. The Corporation for Employment and Training must require adequate day care in all formula block grant applications. Later, we recommend new federal public sector employment that gives priority to day care job creation. Many welfare mothers -- and fathers -- will be trained as day care workers. These jobs will be coordinated by the Corporation for Employment and Training to match local day care needs.

Single mothers often are the target of improved access services, but support services for unemployed young men are needed just as much -- especially given the high likelihood that they have a criminal record that serves as a major barrier to employment. Here, Argus continues to be a good model, because its comprehensive counseling and placement take into account barriers to employment due to prison records. Another model is Project Return in Milwaukee. Working with young men who return to the community from prison, Project Return offers Argus-type training. Living wage jobs are found that are appropriate to the individual. The recidivism rate in Milwaukee for ex-offenders is about 70 percent, compared to about 30 percent for Project Return participants. The Casey Foundation's Jobs Program for unemployed men also is a promising model. Formula block grant applications should be required to include plans for both single mothers and fathers.

**A Living Wage.** Presently, entry level employment seldom pays enough to support a family and often does not provide benefits. Not only, then, must a job creation policy for the truly disadvantaged seek placement in sectors with upward mobility, as Capital Commitment has done in placing people in telecommunications repair (Chapter 3), but the policy must include livable wages. Here a good local model is Baltimore -- where BUILD (a community nonprofit organization), the Industrial Areas Foundation and the American Federation of State, County and Municipal Employees (AFSCME) have negotiated a social compact with the city government that includes a living wage, presently at \$6.60 per hour. The formula block grants reviewed by the Corporation for Employment and Development should require such social compacts in each applicant city.

### **Public Sector Job Creation**

We would hope that such co-targeting of federal economic development and job training can generate a sizable reduction in the jobs gap -- of 2,000,000-plus jobs needed for the truly disadvantaged in the inner city. As a goal, 1,000,000 new jobs should be sought in the private sector through such coordination. However, experience does not suggest we can expect more, given traditional private sector resistance to employing the truly disadvantaged, and it is possible that the private sector could fall considerably short of this goal.

Accordingly, we propose that over 1,000,000 more jobs be created through federally financed positions in public sector infrastructure construction and repair, as well as public sector services.

The United States has a lower proportion of job creation as a percentage of GDP than all the industrialized nations shown in Table 6-3. We propose to reduce this public job creation gap.

**Table 6-3**  
**Public Spending on**  
**Direct Job Creation and Subsidies, as Percent of GDP**

<b>Country</b>	<b>Direct Job Creation and Subsidies</b>
Australia (1994-95)	0.25
Canada (1995-96)	0.04
France (1994)	0.27
Germany (1995)	0.54
Italy (1994)	0.30
Japan (1994-95)	0.05
Netherlands (1995)	0.64
Sweden (1994-95)	1.62
United Kingdom (1994-95)	0.05
<b>United States (1994-95)</b>	<b>0.01</b>

**Source: Center for Community Change (1997)**

The jobs will be financed by public dollars, channeled through the Corporation for Employment and Development. The Corporation will target the funds to jobs for people in high poverty neighborhoods and link the jobs to training that is undertaken before placement. As much as possible, the jobs will be administered by nonprofit community development corporations and for-profit entities like the Telesis Corporation -- along with local government. Specifically, we propose:

- A \$5B per year infrastructure and housing investment that generates 250,000 urban construction and repair jobs targeted for the truly disadvantaged.
- A \$20B per year human service investment that generates 1,000,000 jobs as day care workers, drivers to get people to work when transportation is a problem, teacher's aides in inner city public schools, drug abuse counselors and other jobs where there is pressing inner city and urban need.

**Investment in Urban Infrastructure and Housing.** Jeff Faux has described how public infrastructure investment has shaped America's future. Early on, public investments built canals and subsidized the railroads to settle the West. Government financed the first assembly lines. The federal Interstate highway system was built in the 1950s and 1960s. Federal investments developed the jet engine, began the exploration of space, and helped develop the computer and the Internet. Concludes Faux:

Each of these investment programs created jobs and businesses in the short term. In the long run, they spun off technological advances that became what economist Robert Heilbroner calls economic "klondikes" - massive veins of private investment opportunities that have been the building blocks of American prosperity.

In spite of this history, public infrastructure investment declined precipitously in the 1980s, as a result of supply-side economics. Figure 6-1 documents the drops. The 1990s have not reversed this public disinvestment. In 1980, more than 4 percent of all federal outlays were for infrastructure. By 1990, that share had fallen to 2.5 percent. As of 1997, public investment in infrastructure was 36 percent of its 1970s levels, and on our current budget trajectory it will drop another 37 percent.

The United States is the only major industrial society that is not currently reviewing and expanding its infrastructure. While we allow our public capital to wither away, other countries have moved ahead of America. The Japanese, for example, have a \$60 billion public-works project. The French have committed \$100 billion to the development of high-speed rail systems. The Germans are spending even more to rebuild and modernize the industrial base of the former East Germany.



Nowhere is public infrastructure more in need of repair and reinvestment than in our cities and inner cities. The opportunity exists there to reinvest, create more of Robert Heilbroner's economic "klondikes," and employ the truly disadvantaged. As Jeff Faux concludes, "A commitment to redevelop the inner cities also represents the best way to bridge the growing racial divide in America. It is the only strategy that could bring the large numbers of unemployed urban minority males back into the workforce." Similarly, 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 enhances 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.

An urban public infrastructure development strategy also can help reverse federal policies that have accelerated the decline of urban cores. For example, Congressional struggles have long been underway over public transit funding. Since the Kerner Commission, transportation policies have encouraged businesses to move further and further away from central cities. Jobs then have moved further away. There are renewed Congressional efforts to give priority to highway construction to exurbia. By contrast, we need to continue policies that favor mass urban transit -- especially to allow the poor to get to jobs. We also need policies that give priority to road repair for cities and older suburbs.

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, and that could generate the new jobs.

We recommend that \$5B per year be spent to begin a new urban infrastructure program, including mass transit and roads. This amount also includes an increase in housing repair and construction, based a policy that more directly targets funds to nonprofit community development corporations. This spending will close only a small part of the public investment gap. But it represents a beginning -- and, if the resulting jobs are carefully targeted, it can result in 200,000 to 250,000 jobs in construction and repair for the truly disadvantaged.

Coordinated through the Corporation for Employment and Development, such urban infrastructure development should be implemented as much as possible by community development corporations, YouthBuild USA and for-profit enterprises like the Telesis Corporation. With such delivery institutions, the odds at least increase that workers later can be transitioned to private employment after specific initial projects are completed. This is the kind of thing Father William Linder has done with the New Community Corporation in Newark. (Chapter 3.) Channeling public works and public service employment through private-sector community-based nonprofits also enhances the capacity of the grass-roots institution closest to the people.

The Corporation for Employment and Development will be mandated to continue to enhance the capacities of existing community development corporations and create new ones. Local government also will need to administer many of the public works jobs, with the exact number depending in part on how much work nonprofit community development corporations can handle. The policy must be careful not to overload available nonprofit capacity.

The Davis-Bacon Act limits community-development corporations from employing high-risk young people at low initial wages to repair and construct housing and to work on infrastructure repair contracts -- because the act requires that workers be paid union wages. But organizations such as YouthBuild and Delancey Street (Chapter 3) have been able to negotiate agreements with unions to hire high-risk youth to work on relatively small projects. To expand the role of high-risk young people in the repair and construction of housing, community-development organizations must be allowed to build on the YouthBuild and Delancey Street experience. The Department of Labor needs to negotiate union waivers that allow community-development corporations to place at-risk youth and young-adult workers in entry level construction jobs. Although such negotiations will not be easy to accomplish, unions need to recognize the importance of providing opportunities to young people in the inner city -- as part of the new low income-working class-middle class alliance that we recommend in the next chapter.

**Investment in Urban Services.** Similarly, there is an enormous need for public service employment. With welfare reform, we need a great many qualified child care workers. With good, Argus-type training, this can be a major employment sector for persons coming off welfare. Drivers and support staff workers are needed to create a transportation system that will allow persons getting off welfare and other unemployed people to get to jobs in the suburbs. Teachers in inner city schools desperately need adequate support staff. Community-based youth development and community development organizations need paid staff to work with supervisors. Housing shelters are in great need of staff. As Argus has shown, there is a considerable demand for drug abuse counselors. Major cities no longer have enough telephone operators to answer 911 emergency calls in a timely way. Because there are so many unmet jobs, it will be easy enough to create safeguards that ensure that existing employees are not displaced. In many cases, qualified existing employees must become supervisors.

The public service job creation program that now is needed is different from earlier American public job creation programs -- such as the Work Progress Administration (WPA) and the Comprehensive Employment and Training Act (CETA). WPA and CETA addressed economic recessions. For the new millennium, jobs need to be created by the public sector in very specific geographic areas where the job gap has persisted despite the overall national economic expansion. Targeting is crucial.

We propose 1,000,000 public service jobs. Not counting Argus-type training, we propose the cost per year to be \$20,000 per job slot. This includes salary, a health care plan and additional costs related to program administration, payroll taxes, workers compensation and unemployment insurance. This cost per slot is consistent with estimates of the livable wage needed for a family of 4.

The jobs will be targeted to the truly disadvantaged, including but not limited to mothers coming off welfare. Funding will be coordinated by the Corporation for Employment and Development and formula block granted to local Employment and Development Councils. The jobs will be administered by nonprofit organizations and local government, as we have discussed above for public works employment

### **On Bureaucracy**

In sum, the Corporation for Employment and Development is designed to generate well over 2,000,000 private sector and public sector jobs, including the jobs needed by welfare reform, to significantly close or perhaps eliminate the jobs gap for the truly disadvantaged in the inner city, as articulated by the Kennedy School analyses in Appendix 1.

Federal legislation and strong executive branch support will be needed to create the Corporation for Employment and Development. We are not optimistic that it will be legislated any time soon. Big lobbying money and the control of the political system by the economic system stand in the way. (Chapter 5.) Such a coordinated system also will face inevitable turf wars -- created, for example, by Congressional subcommittees, federal executive branch agencies and local agencies that perceive their power diminished.

However, even without the Corporation for Employment and Development, principles can be suggested for federal policy. For example:

- Federal employment and development funds from Labor, HUD, Commerce, Transportation and HHS need to be coordinated and co-targeted much more effectively, whatever the mechanism.
- Experience (for example, the Carter Administration's national urban policy) suggest that some entity outside of the existing funding agencies needs to administer reform and replicate success.
- Federal funds should be targeted directly to the local level, not through the states. States do not have a good track record in carrying out the legacy of the Kerner Commission and just add a needless additional layer of bureaucracy.
- As the institutions with the best track records with what works, local nonprofit organizations like community development corporations must be given a much greater role in creating and carrying out coordinated employment and development plans. Their capacities and numbers must continue to be expanded. The keys to success are mayors and grassroots nonprofit leaders working together.

- As part of the local plans, the role of private for-profit institutions should be modeled after Telesis and the South Shore Bank. More traditional corporations need to work much more closely with nonprofit organizations that provide Argus-like job training to increase the likelihood of job retention.

### **Federal Macroeconomic Policy**

Federal macroeconomic policy needs to be supportive of the employment and development investments we have proposed. Such macroeconomic support should include a realistic view of the limits of economic growth; a fiscal policy that separates long-term investments from short term operating expenses; a monetary policy that gives first priority to full employment for the poor, working class and middle class; and a trade policy that raises labor and human rights standards.

### **The Limits of Economic Growth for the Truly Disadvantaged**

Economic growth is an unquestioned cornerstone of the agenda of both major American political parties. But this growth hasn't gotten jobs for the structurally unemployed in the inner city, as we have seen. Our political rhetoric doesn't fit the economic reality of the inner city. The poor have not benefitted from trickle down policies. Nor has a rising tide lifted all boats. As David Kallick advises:

We should measure economic improvement in terms of increased wages, reduced hours, improved working conditions and better integration of work and family life rather than rising stock prices, productivity rates and corporate profits -- and we should formulate policies that will achieve those goals.

### **A Fiscal Policy that Separates Long Term Investments From Short Term Operating Expenses**

Jeff Faux observes that, as with businesses and households, "the correct measure of fiscal responsibility is a stable or falling ratio of debt to income, or in this nation's case, gross domestic product (GDP). As long as that rate is not rising (and it is not rising today), there is no economic reason not to expand public investments, especially at a time when they are so desperately needed in order to provide our children with the tools they will need to compete in the world." Faux recommends that the U.S. establish a capital budget that separates long term investments from the short term operating expenses of the federal government. We concur. We also have been careful to propose investments that are budget neutral. They are designed to be financed through reductions of equal amounts in other parts of the federal budget (as discussed below).

### **A Monetary Policy That Gives Priority To Full Employment**



Monetary policy is controlled by the Federal Reserve (the Fed), which sets interest rates. In the words of Jeff Faux, today the Fed "protects the value of financial assets over the value of jobs by consistently overestimating the level of unemployment necessary to retain price stability. No one knows what the right level is, but we do know that the opinion of the financial punditry on this question has been consistently wrong." Faux argues that the Fed must be reformed -- to "live up to its mandate to pursue both high employment and price stability by probing much more forcefully the limits of the economy's capacity to produce without inflation." We must move beyond the current "argument over how many people must be denied work in order to make the bond market comfortable."

Jim Hightower, host of the nationally syndicated Chat & Chew radio talk, is less polite -- about how Fed interest rate policy today is set more with an eye to Wall Street than to Main Street:

One sure way of producing a happy Dow day is the announcement of yet another corporate downsizing. "Thousands Fired; Stock Jumps" is a typical headline on America's business pages these days... What our leaders need to be monitoring is not the Dow Jones average but the Doug Jones average -- how are Doug, Donna and the kids doing, what's the price of Spam this month, is any company hiring besides Temporaries R Us? We need a real-life indicator of "How ya doing'?" for the two-thirds of American families who don't own any stocks or bonds.

How can the Fed be reformed to better return monetary policy to the New Deal priority on full employment and higher standards for the working class? Professor James K. Galbraith of the University of Texas concludes that the key to reform is the Federal Open Market Committee (F.O.M.C.) The F.O.M.C. is the body within the Fed that actually sets monetary policy. F.O.M.C. voting members include (1) federal officers appointed by the President and (2) the presidents of the nation's regional reserve banks. The regional presidents typically follow supply-side thinking. They are responsible to regional boards dominated by bankers. The meetings of the F.O.M.C. are highly secretive.

Professor Galbraith argues that the Fed would be more democratic if the only voting members are the federal officers appointed by the President -- because the President is accountable to the people. "Legislation to do this has been pending in Congress for years. It should be enacted now." As for the secrecy, Galbraith proposes that the F.O.M.C.'s regular meetings on interest rates be held on camera and broadcast in real time, as a kind of Fed-Span:

To prevent markets from speculating, F.O.M.C. meetings could be held on weekends. Public meetings would have a powerful effect. The Fed would be far less likely to raise rates without strong justification.

So far, the Fed has almost always been able to block reforms by taking advantage of Congressional divisions over the details. To overcome this, and to provide a timetable for bipartisan coalescence, Congress could pass a Sunset Review Act for the agency. Such an act would set a deadline for expiration of the present Federal Reserve Act... In such a complete rewriting of the charter, all the anachronisms and anomalies of the present system could be addressed, including its special-interest power, regional misrepresentation, voting rules, unaccountability and secrecy.

We endorse these reforms. In addition, the American financial system needs to reduce its dependence on foreign capital and insulate the nation from a serious mishap that could ignite a real downturn.

### **Trade Policy That Raises Labor, Human Rights and Environmental Standards**

Trade agreements are needed that raise labor, human rights and environmental standards around the world. Trade agreements should be opposed if they are good for large corporations but lower the living standards of the poor, working class and middle class. It is in the spirit of the Kerner Commission to renegotiate the North American Free Trade Agreement to guarantee the right to organize unions, the right to minimum health and safety standards and prohibitions of child and prison labor. Countries that do not enforce basic human rights should be denied access to U.S. markets.

### **Investments in Race-Specific Policy**

In his book, *Two Nations: Black and White, Separate, Hostile and Unequal*, Professor Andrew Hacker at Queens College in New York City 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.

Former Senator Bill Bradley of New Jersey, was one of the few white Members of Congress who similarly talked openly about race relations:

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.

We believe that many Americans are in denial about race. For example, it has been our experience that many Americans are unaware of the resegregation that was documented in Chapter 1 and the employment discrimination that was documented earlier in this chapter.

As a point of policy departure, we believe that funding a commitment to full employment in the inner city and Comer-led quality urban public school reform are big first steps in bridging the racial and class divide (as discussed above). So is reform of crack cocaine vs powder cocaine sentencing policy (as discussed below).

In addition we propose to:

- Replicate successful desegregation models.
- Renew affirmation action.
- Support the President's dialogue on race. Press for the funding and replication of successful models of racial understanding and tolerance. Create electronic data bases with facts on and solutions to racial issues.

### **Replicate Successful Desegregation Models**

For school desegregation, in recent years, courts have moved away from ordered busing, aiming for a mix of required desegregation goals and incentives like specialized magnet schools.

However, despite negative publicity about busing, desegregation has worked in dozens of small and middle-size cities -- and some larger ones as well. For example, one model of success has been St. Louis. A court 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, they accepted the plan.

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 suburban integration are better educated, more aggressive advocates for their children, 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 issues in desegregation -- the enormous gaps in spending between the rich school districts and the poor school districts of the truly disadvantaged, the connection between segregated housing and segregated schools, the consequences of 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 to take the leadership role it should. Because the Supreme Court has refused to hear key cases, the cases have been decided in the lower courts.

Based on the investments proposed earlier in this chapter, 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. We also believe that families should have the opportunity to send their children from poor inner-city public schools to wealthier public schools, usually white, if they choose to do so. Given the lack of leadership by the Supreme Court, vision now needs to be reestablished by the President. 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 the inner-city public school investments targeted by the new Safe Passage Commission that we have recommended, above.

For housing desegregation, the proven success is the Chicago Gautreaux program, which 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. This program has been a success for years and has not aroused opposition from suburban neighborhoods. Gautreaux families have experienced significant long-term gains in education, employment, and economic well-being.

We encourage replication to scale of this model initiative by HUD for all eligible households nationally.

Full implementation of Gautreaux should be part of a comprehensive policy that attacks spatial segmentation. For example, Gautreaux should be accompanied by carefully implemented plans to keep the middle class in or bring it back to urban

neighborhoods, as long as lower income families are not pushed out and are given employment and educational opportunity. Improved transportation should allow people from city centers easier access to the suburbs and vice versa.

Given the loss of tax bases from the central city to the suburbs in many places, 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 plan, for example, of Minneapolis/St. Paul.

And the federal government should closely monitor the school finance plans in Michigan and other states that transition from property taxes to other forms of taxes that allow for more equitable expenditures in inner cities and the suburbs.

These school and housing proposals are made more feasible by the steep rise in white support for school desegregation over the past 50 years. In 1942, only 42 percent of white Americans supported integrated schooling. By 1993, that figure was 95 percent. Public opinion polls reveal similar patterns of change during the past 5 decades in white support for housing integration.

### **Renew Affirmative Action**

Affirmative action has accumulated as much evidence of success as has school and housing desegregation.

Many of the most striking affirmative action gains have occurred in occupations and trades not usually associated with advantaged status -- occupations such as law enforcement, firefighting, over-the-road trucking and skilled construction work. In law enforcement, for example, the number of African-American police officers nearly doubled from 1970 to 1980 as a result of affirmative action litigation and enforcement. In Philadelphia, after the initiation of goals and timetables for federal contractors, the percentage of skilled minority construction workers rose from less than 1 percent to more than 12 percent of the total.

Affirmative action policies in higher education have evolved in ways similar to their development in employment. Just as affirmative action in employment is applied mainly at the entry level, affirmative action in higher education is applied at the admission stage. Once applicants pass the gateways, they must succeed by dint of their own efforts. Affirmative action does not guarantee success, but only an opportunity to compete.

As in employment, critics have charged that the beneficiaries of affirmative action in higher education are already advantaged. This view is contradicted by studies showing, for example, that, of the increased enrollment of minorities in medical

schools in the 1970s, significant numbers were from families of low income and job status.

Perhaps the most encouraging story to come out of the civil rights revolution is the emergence of a large, strong African-American middle class, not totally freed from the wounds of racism but able to participate more fully in American society. Yet insufficient attention has been given to the dynamics of this change -- how victories won in the Courts and Congress were translated into tangible opportunities for people to make changes in their own lives. An exception is a recent study by the RAND Corporation. It explored the potential explanations for the major gains made by African-American teenagers in reading proficiency, gains that cut the gap with whites almost in half. Among the factors contributing to these gains, according to the RAND study, is that the number of African-American parents with college degrees or experience quadrupled over 2 decades, reaching 25 percent in the 1990s. What accounts for this tremendous change? Opportunities for a better education at the K-12 level provided through desegregation were one factor. In addition, the affirmative action policies adopted by many colleges and universities provided opportunities to students of color who had been denied opportunities in the past. Many took full advantage of the opportunity, worked hard, got their degrees, found better and more remunerative jobs than their predecessors, married and formed stable families. All of this created an environment in which their children could achieve.

Affirmative action is no substitute for the other policies in this chapter, designed to produce jobs and education, to rebuild communities and strengthen families. But in a nation that has not yet demonstrated a readiness to make the investments needed to effectuate these other policies, it would be folly to discard affirmative action, a policy that had made practical contributions toward achieving the same goal.

We need Presidential leadership to renew affirmative action. This should include withholding federal funds from state systems that have decimated affirmative action, as has happened in California and Texas. It also should include a Presidential Commission to review the hiring practices of major corporations and to act on the Commission's recommendations.

A 1997 New York Times/CBS News Poll showed that, while they criticized preferences based on race and gender, Americans seemed eager to support affirmative action based on economic class. Majorities of both African-Americans and whites said they favored policies that give specific preferential treatment in college admissions and employment to people from poor families over those from middle class or rich families. These results are consistent with a decade of previous polling on the issue. Although we believe that the President, using the bully pulpit and control over federal resources, should not back away from race-based (and gender-based) affirmative action, the fact is that minorities are

disproportionately poor. This gives the White House a policy venue that is based at least partially on public support. The rest must be based on Presidential resolve.

**Support the President's Dialogue on Race. Press for Replications of Successful Models of Racial Understanding and Tolerance. Create and Provide Universal Access to Electronic Data Bases on Facts and Solutions**

We commend the President's initiative on race and encourage it to identify and fund replications of proven grassroots models that enhance racial understanding and tolerance. To facilitate replication, we need what Dr. Yvonne Scruggs-Leftwich, Executive Director of the Black Leadership Forum, calls "a multi-dimensional clearinghouse: verbal, electronic, visual, experiential. As Dr. Henry Ponder, former President of the Fisk University has suggested: 'Into the villages, hamlets, towns, countryside and cities, we ought to beam a simultaneous opportunity for every American to become enrolled and invested in this serious dialogue on race.' They should be encouraged also to tell their success stories over all of these wave-lengths."

The President's initiative on race also needs to develop, in the words of Dr. Scruggs-Leftwich, "universal access to reliable and relevant facts, information and data [on race]. Such information broadly circulated as a high priority, just like the Internal Revenue Services' annual 1040 forms and instruction manual, would keep the dialogue honest, make the conversations realistic, and have everyone reading from the same page in the hymnal -- so to speak. A lot of racism is just plain, willful ignorance."

**Level of Funding**

We recommend a reordering of the federal budget to secure \$100M more annually to more widely replicate successful school and housing desegregation models; upgrade enforcement of civil rights laws, including affirmative action; and implement the recommendations of the President's race initiative -- including replication of models and dissemination of facts and successes.

**Time**

Through these race-specific policies, combined with our education, employment, economic development and criminal justice recommendations, good progress can be made. Time might be on our side. Racial demographics are changing dramatically. By 2050, white Americans will account for barely 50 percent of the population, not 78 percent as is the case in 1998. How will these proportions influence the prevalence of racism? Conceivably and with sensitive leadership, the changing percentages could help redefine problems in ways that better accommodate win-win, multicultural solutions.

**Investments in Criminal Justice**

Our policy priority is on jobs, linked to training, education and economic development. But prison and sentencing policies also have been powerful in creating job, income and racial breaches in America. Our policy must, therefore, address interrelated criminal justice reform, including reform of the "war on drugs," which has not been particularly successful. (Chapter 2.)

Accordingly, our policy recommendations are to:

- Invest in "community courts," like the Midtown Community Court in New York City, which move away from the assembly line justice that all too often characterizes urban courts, to provide serious assessment of defendants' needs, match defendants with appropriate services (including drug treatment), and emphasize community-service sentencing and other alternatives to the needless incarceration of nonviolent offenders.
- Provide greater support for treatment-oriented drug courts which allow drug offenders' charges to be dropped if they successfully complete a drug treatment plan. Drug courts in several cities have been shown to be effective in bringing addicted offenders into treatment and avoiding the cycle of repeated incarceration.
- Replicate proven high-quality drug treatment programs in the community, closely integrated with local drug courts, to insure a "continuum" of comprehensive care for addicted offenders and their families. This must mean not simply providing treatment in the medical sense alone, but linking treatment with skill training, education, and needed support services, including transportation and child care. Community-based programs that work with families of addicted offenders, like La Bodega de la Familia in Manhattan, need to be replicated to enhance families' capacity for self-sufficiency and reduce relapse and recidivism.
- End the practice of incarcerating juveniles in order to get minimal services for them, which tends disproportionately to increase minority incarceration rates and, often, to begin a pattern of repeated institutionalization. Instead, develop sufficient intervention programs for youths in trouble -- along the lines, for example, of the Argus Community and the Multisystemic Therapy programs in South Carolina and Missouri -- to allow juvenile justice authorities the realistic possibility of referring youths to intensive services outside the formal juvenile justice system.
- Develop comprehensive, community-based centers to address the multiple needs of the low-income women who now, in the absence of effective intervention, are rapidly increasing as a proportion of prison populations -- with particular focus on building long-term economic self-sufficiency, freedom from domestic violence, substance abuse treatment, and family support.



- Greatly expand in-prison drug treatment along the lines of successful models, such as Delaware's Key Program, which links intensive, residential treatment behind walls with serious vocational and literacy training, and community based aftercare.
- Similarly, invest in comprehensive strategies to reintegrate offenders into the community, using lessons learned from the federal Violent Juvenile Offender Program and other successful models. Such strategies should include careful prerelease educational and vocational planning, aftercare, and job placement.
- Establish a policy at the federal and state levels that all new sentencing initiatives, including mandatory minimum sentences and "enhancements" of existing terms, be justified through a rigorous accounting of their predicted social, economic, and racial impact -- including credible estimates of the probable costs of housing and servicing new inmates, the realistic capacity to deliver services to them that could prevent further offending on release, and the "opportunity costs" of the proposed spending in terms of lost funds for meeting other pressing public needs. Condition all federal funding for state correctional agencies on the production of acceptable social impact statements.
- Establish a national-level Sentencing and Drug Treatment Commission to thoroughly review federal and state sentencing practices, the impact of recent sentencing trends on the fiscal health and public responsibilities of state and federal governments, the impact on serious crime, and the feasibility of a broad range of alternatives. The Commission should gather evidence on promising alternative strategies in the United States, as well as innovative approaches in other nations that have kept their levels of incarceration relatively low by American standards. *The Commission should propose a new policy to eliminate the disparity in sentencing between crack and powder cocaine, by reducing excessively long sentences for crack-related offenses.*

One estimate is that there are at least 700,000 persons not in prison who are addicted, need treatment and cannot get it. Part of this population consists of drug and alcohol abusers and addicts who leave prison each year. (It is estimated that there are 1.2M addicts and abusers in prison.) The National Center on Addiction and Substance Abuse at Columbia University estimates that the cost of proven treatment, accompanied by appropriate, Argus-type education, job training and health care is about \$6,500 per year. Hence, the total cost is 700,000 x \$6,500 equals \$4.6B. We propose to budget \$2.3B, to cover half. (Much of the rest can be covered through the \$4.5B in Argus-type training that we propose as part of JTPA reform and through Job Corps). To this \$2.3B, we add \$.1B more for expanding successful community drug courts and covering the costs of the Sentencing and Drug Treatment Commission. We propose that the funding and administering

agencies by HHS and the Department of Justice, with funding targeted directly to community-based treatment organizations.

The Columbia Center estimates that, for each person "who successfully completes such treatment and becomes a taxpaying, law-abiding citizen, the annual economic benefit to society -- in terms of avoided incarceration and health care costs, salary earned, taxes paid and contribution to the economy -- is \$68,800, a tenfold return on investment in the first year. If a year of such comprehensive treatment turns around only ten percent of those who receive it, it will pay for itself within the next year. Even with the difficult inmate population, success rates are likely to reach at least 15 percent of those who receive such treatment and training."

### **Total Investments to Scale**

Table 6-4 summarizes the federal investments we propose. They amount to \$56B per year -- targeted on replicating what works. We believe it is important for public debate to specify a clear goal -- a dollar amount that represents the "scale equal to the dimensions of the problem."

To make these investments in what works as cost-effective as possible, we have proposed to manage and implement most of the Table 6-4 budget through new national nonprofit institutions or quasi-governmental institutions that are accountable to federal agencies -- but that are not directly administered by the federal agencies. These institutions are:

- The Safe Passage Commission
- The Corporation for Youth Investment
- The Corporation for Training and Development
- The National Community Development Bank

Federal programs that are doing a good job -- like Head Start, Job Corps and the Center for Substance Abuse Treatment -- also will administer some of the investments that are part of the Table 6-4 budget.

For the most part, Table 6-4 targets the urban poor. The need is equally great for the rural poor, but it is beyond the scope of an update of the Kerner Commission to also set forth a rural policy. The primary exception here is Head Start. We propose coverage for all eligible children regardless of where they live. Anything less would be neither politically feasible nor morally just.

The level of spending in Table 6-4 can vary -- depending, for example, on how successful the Corporation for Employment and Development is in creating comprehensive solutions, co-targeting existing federal funds, linking these funds to Argus-type training and facilitating more cost-effective local policies like the Portland industrial sector model. If the Corporation is successful, more than the

targeted 1,000,000 private sector urban jobs might be generated -- and conceivably the targeted level of publicly financed jobs might be lower. However, at present, we do not have this expectation. In addition, the amount of targeted federal funding needed will vary based on the performance of the economy.

**Table 6-4**  
**Summary of Federal Investments Proposed**

<b>Investment</b>	<b>Cost Per Year</b>
Head Start for all Eligible	\$7B
Replication of Comer, Carnegie Turning Points, Dryfoos Full Service Community School, New Vision, and Project Prepare Models in Urban Public School Systems.	\$15B
Corporation for Youth Investment To Replicate After School Safe Haven/Ministation Prevention Models and Quantum Opportunities Prevention Models.	\$1B
Job Training and Placement Reform Modeled After the Principles of Argus.	\$4.5B
National Community Development Bank Modeled After the South Shore Bank.	\$1B
Targeted Housing and Urban Infrastructure Development Designed to Generate Up to 250,000 Public Construction and Rehabilitation Jobs for the Truly Disadvantaged.	\$5B
Targeted Public Service Employment in Day Care, Transportation Services, Urban School Staff Support, and Non Profit Community Organization Support - - Designed to Generate 1,000,000 Jobs.	\$20B
Replication of School Desegregation and Housing Desegregation Models That Work and Affirmative Action. Upgraded Civil Rights Enforcement. Replication of Presidential Race Initiative Models that Work. Creation of an On-Line Data Base of Facts and Solutions.	\$.1B
Replication of Successful Drug Treatment and Reintegration Programs. Replication of Community Courts. Implementation of Sentencing and Drug Treatment Commission Recommendations.	\$2.4B
<b>TOTAL</b>	<b>\$56B</b>

Above and beyond the exact level of federal investment, our plan is to match federal dollars against private sector and local public sector dollars. An example is a requirement for localities applying for urban public school investments to match dollars for inner city school construction and repair -- local dollars financed by reduced prison building. A second example is how the after-school youth safe havens documented in Chapter 3 have been able to secure as local matches full time police officers who mentor youth. A third example is the potential of the Corporation for Employment and Development to require as a condition of

federal grants that locally financed public works employ more of the truly disadvantaged. A fourth example is how, by creating comprehensive local investments based on what works, the Corporation for Employment and Development can attract substantial foundation resources for local operations and careful evaluations -- as has been the experience of LISC and the Enterprise Foundation.

We justify the level of investment in Table 6-4 on the following grounds:

- It is not based on new revenues, but will be financed by reallocating \$56B of the \$1.7T federal budget into the accounts in Table 6-4 from other federal accounts. This represents a reordering of about 3 percent of the total budget.
- It is a modest amount, compared, for example, to the \$32B that taxpayers must spend each year for 30 years to bail out the savings and loans, and the \$100B-plus per year we pay in corporate welfare.
- It is a constructive reversal of the policy of the 1980s that made the rich richer -- at the expense of the poor, working class and middle class.
- It seriously begins to replicate success to a scale equal to the dimensions of the problem for the truly disadvantaged in the inner city.
- It concentrates on the employment policy and complementary education and development policy that the Kennedy School papers in Appendix 1 show need to be targeted to the deepest spatial concentrations of urban poverty, unemployment, and social breakdown.
- It is based on a knowledge of what works, how to replicate what works and how adequate funding does make a difference, contrary to the ideology of naysayers.
- It is based on the lessons of Chapter 4.

We recommend that the federal government transition to these reordered priorities over a period of several years -- making certain that there are sufficient numbers of nonprofit organizations with sufficiently mature capacity to carry out the recommendations in partnership with local government. Once the recommended level of funding is reached, the nation needs to maintain it for as long as is necessary to significantly reduce the job, wage, income, education, racial, sentencing, prison and housing breaches that presently define the new millennium.

### **Resources To Finance The Investments**

From what parts of the existing federal budget do we propose to shift resources into the priority areas in Table 6-4? In a \$1.7T budget, there are many places where reductions are possible to help finance the proposed investments. Among other strategies, we need to:

- Reprogram funds from failed initiatives that will be reformed by the new investments.
- Reduce ineffective programs.
- Reduce corporate welfare.
- Reduce military spending to fit post-cold war needs.

### **Reprogram Funds from Existing Initiatives That Will Be Reformed By the New Investments**

We propose to reform a number of cost-ineffective programs. A substantial amount from each such program will be reprogrammed into the more cost-beneficial reform. Annual appropriations for Title 1 of the Elementary and Secondary Education Act are over \$8B per year, and a considerable proportion can finance the proposed \$15B in investments in urban public school reforms that work. The "war on drugs" has not been particularly effective. Over \$16B per year is spent by the federal government, with 70 percent of the funding supply-side enforcement and only 30 percent demand-side prevention and treatment. In some European countries, the percentages are reversed. If the U.S. made adjustments, say, to 50 percent law enforcement and 50 percent prevention and treatment, there would be almost enough to fund the prevention replications of the proposed Corporation for Youth Investment at \$1B per year, and proposed replications of community drug court and community drug treatment models at \$2.4B per year. Current JTPA appropriations are about \$5.2B per year. Of this amount, over \$1.2B is for Job Corps, which we propose to maintain at present levels or increase in funding. The remaining JTPA monies can help finance reformed job training modeled after Argus, which we have budgeted at \$4.5B per year. Federal welfare-to-work block grants to states currently amount to about \$17B per year for 5 years. In the plan proposed here, such welfare-to-work funds will not be channeled to states, but to localities as part of the comprehensive block grants approved by the Corporation for Employment and Development and administered by the local, nonprofit Employment and Training Councils (with a similar mechanism for rural areas). In the plan proposed here, all urban employment training, placement and retention funds -- whether for women or men leaving welfare, unemployed fathers or mothers leaving welfare, out-of-school youth and other truly disadvantaged low income urban populations -- will be channeled through the Corporation for Employment and Development.

### **Reduce Ineffective Programs**

Examples specific to this report include enterprise zones, other supply side tax breaks that fail to trickle down to the poor, prison building and boot camps. But nonprofit institutions across the political spectrum have identified hundreds of other outmoded, ineffective programs -- ranging from the National Helium Reserve (which was created for World War I blimps) to the Interstate Commerce Commission (which produces a great deal of paperwork but very little benefit for consumers). Part of the Table 6-4 budget can be covered by reductions in these programs.

### **Reduce Corporate Welfare**

Billions of taxpayer dollars are spent each year on corporate welfare. Corporate welfare is in the form of direct subsidies to corporations as well as in the form of tax breaks to corporations.

**Corporate Subsidies.** What are corporations expected to do in return for their direct federal subsidies? The answer is not clear. As Jerry Jones, Director of Employment Policy Initiatives at the Center for Community Change has concluded, Congress has crafted "grant programs that appear more rigorous in justification than application." Corporations are expected to develop applications for these subsidies that promote generic activities -- like exporting or undertaking technology research. Yet the grant applications have few specifications for what actually should be exported or researched. In addition, Congress has made the regulations vague in terms of who gets the new jobs that might result from federal investments.

This has resulted in many federal grants that would appear to underwrite activities that companies probably would pursue on their own, even in the absence of a subsidy. For example, in a recent year, the Walt Disney Company received a \$300,000 grant from the Department of Energy to develop better fireworks displays in theme parks. High paid corporate lobbyists justify these federal subsidies on the grounds of job creation and economic growth. Yet there is little evidence to suggest that new jobs actually result from these federal subsidies. When it comes to the poor, Jerry Jones observes, "In virtually no instance are corporate subsidies targeted to specific communities or areas for the explicit purpose of creating jobs for the unemployed." In fact, as Table 6-5 shows, many of the corporations that have received extremely generous federal grants and subsidies have been the same companies responsible for massive layoffs in recent years. Figure 6-5 documents that about \$753M in federal subsidies have been given in the 1990s to the 10 corporations responsible for the most job layoffs during recent years.

**Table 6-5**  
**Corporations Responsible for Greatest Layoffs, 1992-1994**

Company	Jobs Cut	Percent of Workforce	Federal Subsidies
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AT&T	123,000	30	\$49,750,000
IBM	122,000	35	96,841,000
General Motors	99,400	29	16,121,000
Boeing	61,000	37	459,200,000
Sears, Roebuck	50,000	15	n/a
Digital Equipment	29,800	26	126,000
Lockheed Martin	29,100	17	5,800,000
BellSouth	21,200	23	n/a
McDonnell Douglas	21,000	20	125,400,000
Pacific Telesis	19,000	19	n/a

**Source: Jones (1997)**

Lobbyists for corporations argue that, without the federal aid, these layoffs would have been much worse. This may or may not be true. More persuasive to us are the econometric forecasts made Richard McGahey for the Center for Community Change. The Center has proposed 1,000,000 new public service jobs, just as we have, above.\* Richard McGahey analyzed the impact on the economy of these 1,000,000 jobs if their total cost were financed by reducing corporate welfare by an equal amount. Using FAIRMODEL, a widely regarded econometric model based on 131 equations that is continually updated and re-estimated, McGahey compared

the current econometric forecast produced by the model 5 years into the future to an alternative forecast with the public service job program financed by the corporate welfare cuts. Compared to the current forecast, the forecast with the proposed change "has a higher level of real and nominal economic growth, stable private sector employment, and a lower national unemployment rate. Real wage increases and inflation are virtually the same in the two scenarios."

In other words, a shift in some resources from corporate subsidies to public service jobs does not hurt the economy. It can help the economy.

**Corporate Tax Breaks.** Corporate subsidies are a very small part of corporate welfare. Substantially more corporate welfare comes in the form of corporate tax breaks. Unlike corporate subsidies that require grant applications and therefore include at least some screening for worthiness, corporate tax breaks are not targeted to specific corporations. Sometimes they are not even targeted to specific industries.

As a result, the corporate tax breaks are much more difficult to monitor than the corporate subsidies. The opportunities for abuse are all the greater.

**Amount of Corporate Subsidies and Tax Breaks.** Just how much do taxpayers pay each year for corporate subsidies and tax breaks? Estimates by national nonprofit organizations and independent authors run to over \$150B per year if a broad definition of corporate welfare is used and if special breaks to individual investors and the rich are added in. Estimates by national nonprofit organizations that use a more narrow definition that focuses only on corporations per se are that about \$51B per year is given out in corporate subsidies and about \$53B per year is given out in corporate tax breaks, for a total of about \$104B per year. Estimates made by the Congressional Budget Office are that about \$30B per year is given out in corporate subsidies and about \$32B per year is given out in corporate tax breaks, for a total of about \$62B per year.

For example, Table 6-6 illustrates a very broad definition -- of subsidies and tax breaks to corporations as well as special breaks to wealthy individuals and investors. Table 6-6 is based on *Take the Rich Off Welfare* by Mark Zepezauer and Arthur Naiman. It includes just some of what they call "wealthfare." This amounts to about \$156B per year. The Table 6-6 wealthfare categories and annual costs to taxpayers per year are: lower taxes on capital gains (\$37B), accelerated depreciation (\$37B), agribusiness subsidies (\$18B), tax avoidance by transnational corporations (\$12B), tax-free muni bonds (\$9.1B), media industry handouts (\$8B), tax loopholes for the insurance industry lobby (\$7.2B), corporate meal and entertainment deductions (\$5.5B), nuclear industry subsidies (\$7.1B), aviation industry subsidies (\$5.5B), mining industry subsidies (\$3.5B), oil and gas industry tax breaks (\$2.4B), export subsidies (\$2B) and "miscellaneous" (\$1.6B). Under each of these headings in Table 6-6 we have included a quote from *Take The Rich Off Welfare* to illustrate what is included. These breaks and subsidies are linked to the current system of campaign finance in the U.S. and secured through high paid lobbyists for corporations and the rich.

Tables 6-7 and 6-8 illustrate corporate subsidies and corporate tax breaks more narrowly defined, based on the estimates of the Congressional Budget Office. The illustrative corporate subsidies of Table 6-7 are organized by some of the federal agencies that give out the subsidies.

As former Secretary of Labor Robert B. Reich concludes after reading a list of existing corporate welfare published by one middle-of-the-road nonprofit organization:

The list contains all sorts of breathlessly ridiculous items, like \$2B a year going to oil, gas, and mining companies for no reason whatsoever, \$4B a year to pharmaceutical companies that create offices in Puerto Rico, \$400M to Christmas-tree growers, windmill makers, and shipbuilders, and \$500M a year to corn-based-ethanol refiners.

Also on the list is the \$2B-a-year tax break for life insurance companies, \$900M for timber companies, \$700M for the dairy



industry, and \$100M a year to companies like Sunkist, Gallo, M&M, McDonald's, and Campbell Soup to advertise abroad. On top of that are billions of dollars of special breaks for multinationals that make their products outside the United States. Some well-connected companies like Archer-Daniel-Midland (ADM, a giant Midwestern corn processor) triple-dip: ADM benefits from a sugar program that bars imports and sets sugar prices higher than world levels (so ADM can sell its high-cost sugar substitute), a tax break for corn-based ethanol, and the direct subsidy to ethanol refiners. Taxpayers and consumers pay dearly for the welfare flowing to this single company.

And that's just the beginning: If TV networks had to bid for extra space on the broadcast spectrum instead of getting it free, they'd pay \$4B a year. If private corporate jets had to pay landing fees at airports as commercial jets have to do, they'd pay \$200M a year. If wealthy ranchers had to pay the full cost of grazing their cattle on public lands, they'd pony up \$55 million a year. If corporations couldn't deduct the costs of entertaining their clients -- skyboxes at sports arenas, theater and concerts, golf resorts -- they'd pay \$2B more each year in taxes.

Imagine if even a portion of this money could be used instead for education, job training, and helping the poor and near-poor get the jobs they need.

It is not our intent to detail the history, politics and legislative details of these subsidies and tax breaks. Nor to try to reconcile some of the differences in definition and scope make by nonprofit organizations and independent authors, on the one hand, and federal agencies like the Congressional Budget Office, on the other. The point is that these subsidies and breaks are enormous, wasteful, cost-ineffective and unfair. If the political will existed and if the economic system no longer controlled the political system, much if not most of the budget we propose in Table 6-4 could be financed by reductions in this wealthfare and corporate welfare.

**Table 6-6**  
**Examples of Current Wealthfare Subsidies and Tax Breaks**  
**to Corporations and the Rich**

Wealthfare Category and Illustration	Annual Cost to Taxpayers
<p><b>Lower Taxes on Capital Gains</b> As Citizens for Tax Justice put it, "more than any other kind of income, capital gains are concentrated at the very top of the income scale." 97% of the benefit from the 1993 capital gains tax cut went to the richest 1% of the population.</p>	\$37B

<b>Accelerated Depreciation</b> On average, tax breaks from accelerated depreciation are worth more than \$13,000 a year to households making over \$200,000, but less than \$70 a year to households earning under \$50,000.	\$37B
<b>Agribusiness Subsidies</b> Tobacco, a drug that kills 48 Americans every hour, is...subsidized with a combination of price supports, import restrictions and production and marketing quotas.	\$18B
<b>Tax Avoidance by Transnational Corporations</b> Of the US-based transnationals with assets over \$100M, 37% paid no US federal taxes at all in 1991, and the average tax rate for those that did pay was just 1% of gross receipts... Foreign-based transnationals did even better. 71% of them paid no US income tax on their operations in this country, and the average rate for those that did pay was just 0.6% -- six-tenths of one percent -- of gross receipts.	\$12B
<b>Tax-Free Muni Bonds</b> To help attract investors to bonds issued by state and local governments -- generally called municipal bonds, muni bonds or simply munis -- the federal government has made the interest on most of them exempt from federal income tax.	\$9.1B
<b>Media Handouts</b> Officially, the Communications Act of 1934 declared that "the airwaves belong to the people." What it actually did was hand out portions of the airwaves free to businesses, which then made as much money off them as they could, without having to pay the government anything for the privilege... Thanks -- at least in part -- to this generosity, the combined profits of the four largest television networks were \$2-1/2B in 1994 (on revenues of almost \$15B).	\$8B
<b>Insurance Loopholes</b> Life insurance companies get to deduct the entire amount they set aside as a reserve each year, whether or not it exceeds the actual amount they have to pay out in claims. (Needless to say, this gives them a powerful incentive to increase the size of the reserve.) Property and casualty companies get a similar deduction.	\$7.2B
<b>Business Meals and Entertainment</b> The meals and entertainment deduction amounts to an annual subsidy... for fancy restaurants, golf courses, skyboxes at sports arenas and the like. And it's applied unequally. Factory workers can't deduct meals or sporting events at which they discuss their jobs with colleagues -- nor can any taxpayer who doesn't itemize deductions... Like any deduction, this one is worth more to higher-bracket taxpayers, and it's particularly subject to fraud and abuse.	\$5.5B
<b>Nuclear Subsidies</b> Nuclear power still can't stand on its own two feet, but with a sugar daddy	\$7.1B

like the federal government, it doesn't need to... The feds still provide the industry with most of its fuel and waste disposal, and much of its research.	
<b>Aviation Subsidies</b> If there's an argument for governmental subsidies, it's that they help "infant industries" get on their feet. Commercial aviation is hardly an infant industry anymore, yet the government still pays for the air traffic control system, hands out grants for airport construction and provides reports from the National Weather Service. The Commerce Department lobbies aggressively for foreign purchases of US-built aircraft, and the airlines are exempted from the 4.3¢ per gallon fuel tax.	\$5.5B
<b>Mining Subsidies</b> Since 1872, about \$245B worth of minerals have been mined from public lands. And how much has our government collected in royalties? Absolutely nothing.	\$3.5B
<b>Oil and Gas Tax Breaks</b> The rationale for this loophole is that it encourages exploration for new oil -- presumably something no oil company would otherwise do. Oil industry executives argue that other businesses are allowed to depreciate the costs of their manufacturing investments. That's true, but they're only allowed to take off the actual cost of those assets, not deduct 15% of their gross income virtually forever.	\$2.4B
<b>Export Subsidies</b> The US Department of Agriculture [alone] currently spends \$1.1B a year helping US-based transnational corporations market their products abroad.	\$2B
<b>Miscellaneous</b> For agreeing to make their ships available to the U.S. military in the event of a war, commercial ship owners are given an average annual subsidy of \$3.5M per ship. The Pentagon, which has more than enough ships of its own, admits this program serves no earthly purpose, but we still pay \$1B a year for it. Perhaps the maritime industry's \$17M in PAC contributions over the past decade have something to do with it.	\$1.6B
<b>Total</b>	<b>\$155.9B</b>

Note: The entries under each category in Table 6-6 are direct quotes from the authors that illustrate the subsidy or tax break.

**Source: Zepezauer and Naiman (1996)**

**Table 6-7**  
**Illustrative Corporate Subsidies**  
**(Fiscal Year 1995, Millions of Dollars)**

<b>Agency and Program</b>	<b>Amount of Subsidy</b>
<b><u>Defense Department</u></b>	
Sematech	90
Other Dual Use Initiatives	66
Semiconductor Manufacturing	89
Advanced Simulation	45
Computing Systems Technology	355
<b><u>Energy Department</u></b>	
Energy Supply - Research & Development	3,315
Energy Information Administration	85
Fossil Energy - Research & Development	424
<b><u>National Science Foundation</u></b>	
High Performance Computing and Communications	261
Design, Manufacturing, and Industrial Innovation	66
Engineering Research Centers	51
<b><u>Department of Commerce</u></b>	
International Trade Administration	266
United States Travel and Tourism Administration	17
Small Business Administration, Tree Planting Program	15
<b><u>Department of Transportation</u></b>	
Railroad Research and Development	25
Local Rail Freight Assistance Program	17
<b><u>Department of Agriculture</u></b>	
Economic Research Service	54
Foreign Agricultural Service	118
Market Promotion Program	86
National Agricultural Statistics Service	81
Forest Research	198
<b><u>Department of the Interior</u></b>	
Mining Technology Development	18
Subsidies for Commercial Activities on Federal Lands	170
<b><u>National Aeronautics and Space Administration</u></b>	
High Speed Research (Supersonic)	220
Advanced Subsonic Technology	125
High Performance Computing and Communications	75
Technology Transfer	45
Center for the Commercialization of Space	19
<b><u>Independent Agencies</u></b>	
Overseas Private Investment Corporation	58
Trade and Development Agency	45
<b>TOTAL</b>	<b>\$6,499</b>

**Sources: Congressional Budget Office, House Committee on Appropriations and Jones (1997).**

**Table 6-8**  
**Illustrative Corporate Tax Breaks**  
**(Fiscal Year 1995, Millions of Dollars)**

<b>Tax Breaks</b>	<b>Amount</b>
Reduced Rates on First \$10 Million of Corporate Income	3,900
Exclusion of Income for Corporate Foreign Sales	1,400
Deferral of Income of Controlled Foreign Corporations	1,100
Accelerated Depreciation of Equipment	25,600
<b>TOTAL</b>	<b>\$32,000</b>

**Sources: Congressional Budget Office, House Committee on Appropriations, Jones (1997).**

### **Reduce Military Spending**

Current federal plans are to spend about as much money in real terms in 2000 as we did in 1975, in the midst of the Cold War, when the Soviet Union was heavily armed. The best way to reduce the defense budget is to define defense needs, then build a budget to meet those needs 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.

Many well-qualified experts across the political spectrum support significant cuts in military spending. William W. Kaufman, a defense analyst for several U.S. defense secretaries, concluded in a Brookings Institution study that the United States can reduce its defense budget to less than \$200B per year over the next 10 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 United States does not need to deploy outmoded missile systems. Former Reagan administration defense official Lawrence J. Korb has a plan to reduce the armed forces "in recognition of the political-fiscal realities" of a changing world. The Center for Defense Information, founded by retired generals and admirals, proposes a reduction from 1,400,000 soldiers to 1,000,000 and a Pentagon budget of around \$200B. Table 6-9 has some

illustrative reductions, totaling over \$17B, in annual budget authority on controversial programs, as proposed by the Center for Community Change.

We believe that some post Cold War military reductions are feasible, even though significant threats exist. Accordingly, we believe that at least a modest portion of the budget proposed in Table 6-4 be financed through military reductions. The budget rule preventing the reallocation of military and foreign aid money to domestic budgets needs to be overturned.

**Table 6-9**  
**Illustrative Department of Defense Reductions**  
**Annual Budget Authority for Fiscal Years 1996-2000 in Millions of Dollars**

Reduce Procurement of DDG-5 Destroyers	984
Cancel Upgrade of Navy's F/A-18	2,002
Cancel the Air Force's F-22 Aircraft Program	2,898
Cancel the Army's Tank Upgrade Program	592
Reduce the Number of Army Light Divisions	2,018
Freeze Funding of Military Space Programs	588
Reduce Procurement of C-17 Airlifters	1,620
Reduce Air Force Tactical Forces	428
Cancel the Marine Corps V-22 Aircraft Program	920
Reduce Number of Aircraft Carriers and Air Wings	904
Make the Army Responsible for Close Air Support	630
Reduce Research, Development, Test, and Evaluation	3,540
<b>TOTAL</b>	<b>17,124</b>

**Source: Congressional Budget Office and Jones (1997).**

### **The Projected Budget Surplus and Tobacco Settlement**

The federal executive branch currently projects a budget surplus for FY 1999 and a total of \$200B in surpluses over the next 5 years. These estimates assume \$13B in each of the 5 years from the tobacco industry as part of a settlement for past abuses.

Whether or not any of this happens depends on the continued robustness of the economy and the negotiations associated with any tobacco settlement. We already have tried to show that there are many other sources to finance the investment budget set out in Table 6-4, so this report does not rely on surpluses or a tobacco settlement. But if these new resources do emerge, we believe that they should not

be entirely used for Social Security reform -- and not for tax reductions. At least some of such resources should be applied to the investments proposed here. The national opinion poll data in Chapter 7 show that the American public supports this position. There always has been an excuse for not pursuing a realistic strategy for the inner city -- the Cold War, the Vietnam War, inflation, the deficit. It is time to stop. In addition, the recent proof that the tobacco companies were targeting the 14 to 24 year old age group as early as 1975 reinforces the argument for any tobacco settlement to fund our youth, education and employment priorities.

## 7. Alliance

Is there public support for the investment priorities we propose?

Considerable support from public opinion polls can be found over the last 10 years. For example, national surveys conducted from 1988 to 1994 by the National Opinion Research Center at the University of Chicago show that a substantial majority of Americans want to see more money spent on improving the nation's educational system and reducing crime and drug addiction.

In 1992, immediately 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 stated that too little was being spent on urban problems, 61 percent said that too little was being spent on improving the condition of African-Americans, and 64 percent said that too little was being spent on problems of the poor. The pollsters also asked, "To reduce racial tension and prevent riots, would more jobs and job training help a lot, help a little or not make much difference?" Seventy-eight percent of the respondents said that more jobs and job training would help a lot.

Complementary findings come from a national poll of voters in 1996 sponsored by the Children's Partnership, the American Academy of Pediatrics, the Coalition for America's Children, Kids Campaigns, the National Association of Children's Hospitals and the National Parent Teacher Association. Seventy-six percent of the voters polled were more likely to vote for a candidate who supported increased spending for children's programs. Sixty-five percent favored proposals for children and families, even if it meant slowing down deficit reduction. Sixty-four percent believed government should play a large role in solving problems facing children. Sixty-two percent supported children's issues even if it meant raising their taxes by \$100 a year. Sixty-two percent would oppose a balanced budget amendment if it required cuts in children's programs. Framing the issue in terms of children was pioneered by Marian Wright Edelman, who has described how the Children's Defense Fund was formed "because we recognized that support for whatever was labeled black and poor was shrinking, and that new ways had to be found to articulate and respond to the continuing problems of poverty and race, ways that appealed to the self-interest as well as the conscience of the American people."

In 1998, in the first national sampling of attitudes on surpluses since a federal FY 1999 budget surplus was projected, a *USA Today*/CNN/Gallup Poll found that the biggest group of respondents, 43 percent, called for using any extra money to invest in Social Security, Medicare and education. (Thirty percent backed paying down the debt and 22 percent favored tax cuts.)



The reaction of the print media to our 25 year update of the Kerner Commission in 1993 also reflected considerable support. A sampling of articles is found in Appendix 2. One of the most thoughtful articles in the news columns appeared in the *Los Angeles Times* -- unsurprisingly, given that the report appeared only a year after the 1992 Los Angeles riot. The *National Journal* pointed out, "The Eisenhower Foundation report lists dozens of programs that have made a big difference to children, youth and poor neighborhoods in the most distressed cities around the nation. These programs are, for the most part, local initiatives that have been designed to meet a community's distinctive needs. Most of them are operated by private, nonprofit organizations. They get their money from a variety of sources, including the federal government. But they are not federal programs."

Prior to the 1992 Los Angeles riot, the most serious recent riot, in the 1980s, occurred in Miami. It therefore was not surprising that, when it came to editorials, the *Miami Herald* was particularly supportive of our 25 year update: "The report's overall lesson couldn't be more evident: seek inner city solutions based on existing needs, not fleeting political demands after a crisis. More important, don't let workable solutions remain hostage to Washington's gridlock." The *Minneapolis/St. Paul Star Tribune* editorial observed, "[The report] is a road map to a better America that should be required reading for every public-policy thinker and elected official in the state." The *Seattle Post-Intelligencer* editorial said the report's recommendations "seem more promising" than existing policy. Although it warned not "to let the negative obscure the achievements made possible by the civil rights movement and by the individual struggles of millions of African Americans," the *Washington Post* editorial observed, in a way consistent with our thinking, that many of the most promising solutions concentrate on poverty reduction (for all races): "This is more than smart politics; it is a real step toward justice."

Among op-ed page writers, Anthony Lewis in the *New York Times* asked that race be more directly addressed, but he also concluded, "It is a valuable report because it refuses to accept what so many Americans have come to believe: that there is nothing to be done about the poverty, decay and crime of our inner cities."

On a CBS *Sunday Morning* cover story, the late Charles Kuralt said the "country should know better by now," and the coverage agreed with us that "no magic is required -- other than the political will to do what the Kerner Commission said should have been done 25 years ago."

### **The Story**

In spite of such illustrations of support, the political will does not exist at the federal level to carry out the budget priorities of Chapter 6 as we enter the new millennium. How can we create the political will?

We need a new political alliance with a broad constituency. The heart of our policy, investing in education and employment to provide opportunity, needs to embrace not only the truly disadvantaged but also the working class and the middle class. The alliance should include persons in core cities and older suburbs who presently are forming common fronts in places like Minneapolis/St. Paul and Cleveland against losing resources to the new exurbs. The goal of the alliance should be to recapture some of the national mood after World War II, when Americans sought a more inclusive, equitable society in which everyone had a fair chance of making it.

To update this post World War II feeling for the next millennium, what "story," or message, might help coalesce a new political alliance? We need words around which to rally a more inclusive constituency. The words might include some of the following. You, the average citizen, are not alone in your search for a safe niche in the I-win-you-lose world. The economy can do much better for you. The very rich have profited at the expense of the families of salaried and working people of America. It is not fair for the rich to get richer at the expense of the rest of us. Power has shifted so significantly toward those at the top of the income and wealth pyramid that the majority of Americans who are struggling must mobilize themselves to force the rich and the elites back to the bargaining table. We must close the income and wage gaps. The way to do this is to invest in education, training and retraining so that Americans have the opportunity for jobs, and for better jobs. Among the middle class, working class and the truly disadvantaged, and among different racial and ethnic groups, this policy can be win-win. None of these groups needs to gain at the expense of the others. We can succeed with a full employment policy that eliminates the economic marginality of the poor and at the same time reduces the anxiety of the working and middle classes. Citizens deserve a higher quality of American life. We must invest in the human capital of our citizens, so all can deal successfully with technological change and the global economy. The role of the federal government must be to better serve the interests of the salaried and working classes, along with the poor.

This rallying message also can include some basic rights of fair play for the new millennium. You, the average citizen have:\*

- A right to a job that pays a livable wage -- and an obligation to work;
- A right to government investments based on what works -- and an obligation to support government leadership where the private market fails.
- A right to share in the social wealth left to you by those who have gone before -- and an obligation to invest in a sustainable future for the next generation;

- A right to profit from a business -- and an obligation to support the community in which it operates;
- A right to bargain collectively -- and an obligation to cooperate in the creation of more productive workplaces;
- A right to protection against certain risks (unemployment, sickness, an impoverished old age) -- and an obligation to contribute to the pooling of those risks in social insurance.
- A right to consume the products of the global economy -- and an obligation to insist that they be produced in a way that does not violate the human rights of other workers.

Does this story have sufficient appeal to sufficient numbers of Americans? We believe that the potential exists. The majority of Americans seems to know that they are not necessarily winners in today's economy. For example, a 1996 *New York Times* poll reported that the share of the electorate that identifies itself as "working class" now outnumbers those who consider themselves "middle class" -- 55 percent to 36 percent. If to this 55 percent we add those who identify themselves as "poor," the total becomes 61 percent of the electorate. National polls also show that, despite their better education, young people surveyed often say they expect to do worse than their parents.

### **Common Policy Ground**

In terms of policy, the common ground among the poor, working class and middle class can be job training and retraining -- to make all more productive. These investments in human capital can be directed not only toward employment that repairs our decaying public infrastructure but also toward opportunities to mine new public and private "klondikes," to use Robert Heibroner's phrase in Chapter 6. If done to scale, building and repairing low tech urban infrastructure (like roads and sewers) can generate jobs both for the truly disadvantaged and for working class family breadwinners. The high tech klondikes for which working and middle class persons can be trained and retrained include, for example, computer smart urban transit systems, high speed and magnetic levitation trains, fiber optics, telecommunications, computer networking, electronic digital imaging, ceramics, advanced composites, sensors, photonics, artificial intelligence, robotics, computer-aided manufacturing, biotechnology, and research and development to find the cure for cancer, Parkinson's disease, AIDS, other serious diseases and the common cold. Other examples include research and development to allow a shift to renewable energy and research and development to reduce environmental deterioration and pollution.

It is beyond the scope of this report to detail such a common ground training and retraining investment strategy, nor to estimate its costs. In terms of finance, we

again propose a reordering of the present federal budget based on reductions in corporate welfare, wealthfare, military spending and cost-ineffective programs. But here, in a context where it is conceivable that a new political alliance can be mobilized, we believe it more feasible to also propose tax increases on the rich.

In the U.S., over the 1980s, the highest individual tax rate was reduced from approximately 70 percent to 28 percent, and the income tax became much less progressive. Countries such as France, Germany, Italy, and Japan have much wider gaps in tax rates between the wealthy and the poor. This is shown in Figure 7-1.

Thus, for example, an increase in taxes could be instituted for the wealthiest 1 percent in the United States. Raising the tax rate for the richest Americans to approximately 40 percent would put the United States in line with Great Britain but still keep the United States far below rates in France, Germany, Italy and Japan. The overall tax reform that is needed, and that could include such an increase only for the very rich, has been spelled out by Jeff Faux:

The simplest solution is a single federal tax rate schedule for all income regardless of its source. Individual and corporate income taxes, payroll taxes, gift and estate taxes, and so forth would be combined into one system, which could then be taxed at a progressive rate. Taxes would be applied at the level of the individual, eliminating the double taxation of corporate dividends. Social Security and Medicare would be financed out of a progressive general tax rather than the highly regressive payroll tax. Corporate welfare in the form of tax breaks would be eliminated. Reform should explicitly include the taxation of state tax subsidies resulting from the destructive competition among states for private investment, which now reduces the nation's overall tax bas



## **The Messengers**

What institutions and individuals are best positioned to convey the story and message associated with this common ground policy? Nonprofit organizations, organized labor and existing political role models head the list.

### **Nonprofit Organizations**

The movement for 1) campaign finance reform, 2) corporate welfare and wealthfare reductions, 3) communicating what works, and 4) an alliance among

the poor, working class and middle class are complementary. The movements need to be led by cutting edge national nonprofit organizations that, in the words of William Greider in *Who Will Tell the People*, must "devote themselves first to challenging the status quo, disrupting the contours of power and opening the way to renewal. [Common citizens must engage their environments and] question the conflict between what they are told and what they see and experience."

Examples of such national nonprofit organizations include the American New Service, the Center for Budget and Policy Priorities, the Center for Community Change, the Center for Defense Information, the Center for Living Democracy, the Center for Responsive Politics, the Child Welfare League, the Children's Defense Fund, the Children's Partnership, Common Cause, the Corporate Welfare Project, the Cultural Environmental Movement, Fairness and Accuracy in Reporting, the Federation of American Scientists, the Institute for Alternative Journalism, La Raza, Millennium Communications, the National Association for the Advancement of Colored People, the National Job Corps Coalition, the National Puerto Rican Coalition, the National Radio Project, the National Urban Coalition, the National Urban League, OMB Watch, Operation PUSH, Public Citizen and the Southern Christian Leadership Conference -- to name just a few. Such nonprofits need to better inform the public of the jobs, income, wage and wealth gaps; the way present campaign financing prevents these gaps from being closed, the size of corporate welfare and wealthfare, and the existence of win-win alliances among the poor, the working class and the middle class.

Such national nonprofit organizations also need to train grassroots nonprofit organizations to communicate these messages locally. As Kent Cooper, Executive Director of the Center for Responsive Politics has proposed, we need to develop a stronger system of communication, education and accountability between citizens and their elected representatives. Nonprofit, grassroots organizations are probably the most effective venue for an active citizenry. Grassroots nonprofits -- including religious groups, churches and synagogues -- need to demand more responsive information from elected officials. The nonprofit groups need to communicate more easily understood information on a more timely basis through the utilization of the new communication technologies. The result can be a more informed citizenry capable of conducting its own affairs -- and a worried Congress quickly wanting to meet the needs of constituents who are using new political methods equal in worth to millions of political dollars.

Grassroots community organizations must learn to better communicate to elected officials the needs of the community and the opinions of average citizens. Grassroots groups need to better communicate to local citizens the stated views of elected officials and their actual votes on the same topics, comparisons of those who the official claims to represent and those who actually contribute, regular candidate debates and public town meetings before Election Day, timely understandable explanations of upcoming congressional action and how it impacts

on the everyday lives of citizens, key votes by elected representatives, and informative recaps just before the next election.

For too long, our federal elected officials have benefitted from thin and scant coverage by overworked, Washington-based, nationally oriented news media. With new communication technologies, there is no reason why citizens can't have complete and timely public coverage and accountability of each U.S. Representative and Senator.

It is incumbent on national and local nonprofit organizations to make their views known to elected officials and to demand more responsive politics from their representatives. That may involve development of a standard "democracy ratio" or "representation index" to rate elected officials. It might involve citizens seeking information about when their representative will be in town to hear public concerns, inquiring why the representative is not returning regularly, demanding local public accountability from contributors to the representative, and asking whether the legislator's staff has established a revolving door for jobs with a certain industry field or interest.

### **Organized Labor**

In part because of supply-side policies in the 1980s, today only about 16 percent of American workers are represented by a union. A revived labor movement must join forces with national and grassroots nonprofit organizations as the messenger - and as a financier of the movement. Labor needs to recover the kind of decisive role that organized workers had in winning the 5 day week, the 8 hour day, the minimum wage, Medicare and the 1964 Civil Rights Act.

Historically, unions have secured national attention when they put forth a moral vision. For example, in the 1930s, unions tripled their membership under the rallying cry of "industrial democracy." In the 1960s, Martin Luther King helped mobilize workers into the civil rights movement by criticizing a system of "selfish ambition inspiring men to be more concerned about making a living than making a life." That legacy needs to be captured for the new millennium, through a moral vision that says the richer-poorer trend is unacceptable. A good model is the brief, well illustrated report, *Why Isn't the Economy Working for Workers*, by the American Federation of State, Country and Municipal Employees. The report's themes include these:

- Between 1983 and 1989, the very wealthiest Americans experienced a 47 percent increase in wealth, while the bottom 80 percent experienced no increase at all.
- Twenty years ago, a CEO made 35 times more than the average worker. Now, the CEO's salary is 187 times higher.

- European and Japanese manufacturing workers now make 25 percent more in hourly wages than their U.S. counterparts.
- Union workers make 35 percent more than non-union workers.

Surveys of workers suggest the potential for substantially increased union membership, in response to such themes. For example, the share of workers at large companies who fear being laid off rose from 25 percent in the depths of the 1991 recession to 46 percent in the midst of the "boom" of the late 1990s. A survey of private-sector workers in 1994 found only 14 percent belonged to a union but 40 percent wished they did. Sixty-three percent of the workers in the survey said they would like "more influence at work." Fifty-three percent believed that group representation would result in at least somewhat more influence.

To encourage a resurgent labor, we recommend that the President of the United States should:

- Let people know that income and wealth have become more concentrated than any time since the 1920s.
- Advocate a higher minimum wage.
- Support unions and the removal of legal obstacles against joining unions.
- Condemn big, profitable companies that lay off thousands of employees to jack up short term prices and that fire workers who go on strike.
- Condemn companies that fire workers who go on strike.
- Ask companies to share their burgeoning profits with employees, rather than seek to put a lid on wages.
- Publicly say that the Fed should keep interest rates low and create tight labor markets where almost everyone can get a job and where productivity gains are passed along as higher wages.

### **Engaging Politically and Building on Role Models**

Not only must a lower income-working class-middle class alliance be forged by nonprofit organizations and resurgent labor working together, but the alliance must be forged by a new generation of political candidates. What does it mean to get politically engaged? In words of former Secretary of Labor Robert Reich:

It means getting more people involved in the gritty, grimy job of politics starting at the local level, where every year there are close

to 90,000 races -- the overwhelming majority of them nonpartisan -  
- for offices like school board and city council. It means convincing good people to run for office, maybe running yourself, getting on the phone, getting out the vote, mobilizing your friends and acquaintances; creating strong local alliances among the poor, the near poor, unionized and nonunionized hourly workers, religious groups, community-based groups, universities and others. And it means committing time and effort to initiatives that stress values -- that have a message, not just a program. Leadership does not depend for its efficacy upon holding a formal position of authority. True leadership is a matter of keeping people's attention focused on the problems they would rather avoid, and it can be exercised by anyone. We seem to have too many people in formal positions of authority who are not leading, and too many at the grassroots resigned to the way things are.

### **Leadership**

The most that we can expect for now is that grassroots, and perhaps city-wide and state-wide versions of the funding priorities, the what works agenda and the class alliances recommended here will emerge with greater frequency, gaining strength and local momentum from one another. We can work toward a kind of synergy -- where, for example, communicating what works encourages class alliances, which create more pressure for campaign finance reform, which allows a fairer debate on what works, which leads to even more effective communication.

The people need to make the leaders lead, or get new ones. Our proposed budget will not be approved at the federal level at this 30 year mark after the Kerner Commission, but perhaps the political will and leadership can emerge by the 40 or 50 year mark. To repair the millennium breach and fulfill the legacy of the Kerner Commission, we need Franklin Roosevelt's commitment to effective government and Teddy Roosevelt's boldness in establishing the limits of greed.



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# Appendix 1

Consequences of the Economic and  
Social Decline of Inner-City Neighborhoods

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## Introduction

The Report of the National Advisory Committee on Civil Disorders (1968), submitted to President Lyndon B. Johnson by Governor Otto Kerner of Illinois, had some ominous predictions for the future of race relations in the nation. The disparities between blacks and whites was growing, the Report argued, and if allowed to continue unabated would undermine the fabric of the society. In addition, a dearth of real employment opportunities for black males was, in the words of the Commission, "the single most important source of poverty among Negroes" (Kerner, 1968: 255). Widespread unemployment coupled with the spatial segregation of urban blacks would result in the dramatic upheaval of the black community and foster the growth of social dislocations, such as marital breakdown, crime, and feelings of disassociation. Lacking opportunities for stable employment and shut off from mainstream society, the Report concluded, the cycle would perpetuate itself and the gap between the races would widen irreversibly. Some authors contend that the Commission was overly influenced by the riots that transfixed the nation earlier in the decade and that its members failed to include a frank discussion of the gains minorities, especially middle-class blacks, had made in the years leading up to the release of the Report (Thernstrom and Thernstrom, 1997). Indeed, during the 1950s and well into the 1960s, the extraordinary accomplishments of the civil rights movement garnered a great deal of public attention, and significantly improved the social and economic conditions of blacks. Furthermore, the demonstrations that originated in Birmingham, in 1963, and spread north to Harlem in 1964 and west to the Watts region of Los Angeles in 1965, focused a considerable amount of national and international attention on the problem of ghetto poverty (Katz, 1996; Teles, 1996).

Undoubtedly, when the Report was written, the Commission was affected by these momentous events. But, if anything, the Commission members showed a deep commitment to tackling the root causes of racial unrest at a time when the mood of white America had soured toward civil rights in the aftermath of the riots (Orfield, 1988). The Report's recommendations emphasized that the social integration of blacks required access to adequate jobs. By stressing this point the Commission underscored the fact that although the social movement had made significant strides in providing blacks equal access to integrated schools, public

housing, and welfare benefits, far fewer gains had been realized in creating jobs which would afford less skilled families a decent standard of living (Katz, 1989).

Data used in this chapter were collected for a study entitled Youth Achievement and the Structure of Inner City Communities funded by the MacArthur Foundation as part of the Research Program on Successful Adolescent Development in High Risk Areas. Additional funds were made available to the Joblessness and Urban Poverty Research Program at the Malcolm Wiener Center for Social Policy, John F. Kennedy School of Government, Harvard University by the Ford and Rockefeller Foundations.

### Welfare Policy and Employment Opportunities

Reforms of the welfare system in late 1950s and early 1960s were clearly instrumental in lifting many poor families, black and white, out of destitution. Up until then blacks were underrepresented among the ranks of the welfare poor due to the dominant perceptions of what constituted a "deserving home" (Danzinger and Weinberg, 1986). Existing provisions greatly limited access by blacks and families with children born out-of-wedlock to welfare and, especially in Southern states, ensured a constant source of cheap labor for the fields and homes of the gentry (Katz, 1996). However, with the passing of the Social Security amendments in 1962 and the drive by the Office of Economic Opportunity (OEO), community action programs (CAPs), and civil rights groups such the National Welfare Rights Organization (NWRO) and the National Association for the Advancement of Colored People (NAACP), minorities were better informed about their rights to public assistance and application procedures became less discriminatory against blacks (Katz, 1996).

As restrictions were relaxed the welfare rolls expanded from 3.1 million in 1960 to 11 million by 1972. Whereas thirty percent of those eligible for benefits in 1960 actually applied for and received benefits, by 1972 that figure stood at around 90 percent and constituted a 400 percent increase in federal, state and local spending on Aid to Families with Dependent Children (AFDC) (Danzinger and Weinberg, 1986). Even though whites made up most of the additions to the welfare rolls and exceeded blacks in total numbers who received benefits, blacks were over-represented in proportion to their actual numbers in the general population (Hamilton and Hamilton, 1997). Increasingly, the public came to view welfare as a subsidy for poor inner-city blacks.

The considerable expansion of social programs and greater access to public assistance cushioned some of the effects of inner-city blacks' lack of access to jobs that paid a living wage and high rates of unemployment. Although officials recognized the importance of this thicker safety net, minority unemployment in the 1960s was generally perceived of as marginal to the national debate on economic well-being since the country was experiencing significant prosperity at the time (Weir et al., 1988). National policy aimed at alleviating black joblessness

in the ghetto focused on job training and skills development and not on the macroeconomic forces that kept low-skilled blacks from entering the labor market. However, job training programs, which by 1967 were already being viewed with disfavor, never received the kind of political or financial support required for them to attain the goal of retraining an urban workforce. Thus, the Manpower Demonstration and Training Act of 1962, the Job Corps Act of 1964, and the Work Incentive Program (WIN) of 1967, were never able to come close to formulated goals and were ineffective in moving the unemployed, especially inner-city blacks, into the labor market (Katz, 1989; Patterson, 1986; Rose, 1995).

Ironically, while joblessness and welfare receipt expanded for some blacks since the mid-twentieth century, others experienced greater job opportunity and increasing social mobility due to structural changes in the economy and political changes in the government (Wilson, 1980). On the one hand, the expansion of the economy facilitated black migration from the rural areas of the South to the industrial centers of the nation. This population shift combined with the liberalization of trade unions increased black job opportunities and resulted in greater occupational differentiation within the African-American community (Wilson, 1980). On the other hand, the government, instead of reinforcing or ignoring racial barriers created in earlier periods, began to move toward a policy of racial equality. Responding to the pressures of increased black political resources that accompanied the growing concentration of African Americans in large urban areas and the pressures of the black protest movements (partly a result of greater black political strength), the government consistently enacted and enforced antidiscrimination legislation. In short, a combination of economic and political changes increased economic opportunities for a substantial segment of the African-American population (Wilson, 1980).

The curious paradox, however, was that although economic expansion since the mid-twentieth century led to increased occupational mobility for many blacks, transformations in the economy since the late 1960s diminished mobility opportunities for others. Most of the increases in productivity were brought about by technological advances and a more skilled workforce. Although these changes in technology produced many new jobs, they made others, in particular jobs that depended on a manual workforce, obsolete. The gap between skilled and low-skilled workers widened as education and skill specificity became more important than ever. While the rapid pace of technological change benefited educated workers, lesser skilled workers faced the growing threat of job displacement and income stagnation (Wilson, 1996). This sharp decline in the relative demand for low-skilled labor had a more adverse effect on blacks than on whites. Burdened by cumulative experiences of racial restrictions, the proportion of blacks who were unskilled by the 1960s was considerably large, which made them particularly vulnerable to a shift in the labor market in favor of skilled workers (Schwartzman, 1997). Thus changes in the economy in the past several decades resulted in a much more rapid rate of social mobility for the trained and educated, including blacks, than for the untrained and uneducated. And whereas

antidiscrimination legislation has dislodged many racial barriers, not all blacks have benefited. Indeed, while the number of blacks in professional, technical, and administrative positions increased significantly during the 1970s and 1980s, and while progress was also evident in the growing number of African Americans in colleges and universities and in the increasing number of black homeowners, the position of the black poor actually deteriorated. The percentage of African Americans in the "poorest of the poor" category (that is, those with incomes that are 50 percent less than the official poverty line) climbed from 9.3 percent of the total black population to 16.7 percent between 1977 and 1993 (Wilson, 1996). In 1977, 29.9 percent of all poor blacks were in this "poorest of the poor" category, but by 1993, the proportion rose to 50.4 percent. Moreover, whereas poor African-American families fell an average of \$5,481 below the poverty line in 1977, after adjusting for inflation, they dropped an average of \$6,818 below in 1993. "The average poor black family in 1993 slipped further below the poverty level than in any year since the Census Bureau started collecting such data in 1967" (Wilson 1996, p. 195). And the condition of poor urban blacks has been compounded-that is, made even worse-by the changing demographics of inner-city neighborhoods.

#### The Changing Demographics of Inner-City Neighborhoods:

##### The New Urban Poverty

Encouraged by technological advances, improvements in transportation, and increased employment opportunities outside of metropolitan areas, the outmigration of whites from central cities had already begun by 1968 (Kerner, 1968). Recognizing this trend, and troubled by the dwindling taxation and revenue base cities would have at their disposal to provide institutional support for the disadvantaged, the Report emphasized the need for national policy to pursue a course of ghetto enrichment that would ensure inner cities a "greater share of national resources - sufficient to make a dramatic, visible impact on life in the urban Negro ghetto." (Kerner, 1968, p401). In response to a concern about how ghetto enrichment might disproportionately impact some residents, the Commission doubted that any gains realized by the black middle class would be large enough to promote a rate of out-migration that might impede the social and economic betterment of the community as a whole. Rather, the Commission reasoned, enrichment would proceed slowly during which time educational opportunities and skills development would improve the economic and social condition of blacks and move the country toward the ultimate goal of racial and socio-class integration (Kerner, 1968).

However, enrichment programs of the kind advocated by the Commission never really received sustained attention. By the late 1960s, public and political focus, and consequently government appropriations, had shifted to the war in Vietnam and away from concerted action to bring about permanent improvements in the lives of the ghetto dwellers. And, although federal spending on the poor continued

to rise throughout the decade of the 1970s, the increase was accounted for by changes in how services were doled out to recipients and not in the size of the cash assistance. In fact, while the cost of administering programs rose sharply, actual payments to the poor declined (Katz, 1989; Hamilton and Hamilton, 1997).

Lacking a national policy to combat structural joblessness in the nation's ghettos, the stagflation and labor market restructuring of the 1970s further eroded the economic condition of poor blacks. On the other hand, hard won victories by the civil rights movements in the two preceding decades brought long awaited opportunities to blacks with the education and skills to access higher paying and more desirable jobs that had long been denied them. As a result, a polarization of the black community ensued as a large numbers of the working- and middle-classes, no longer severely constrained by restrictive housing policies, began to leave ghetto neighborhoods in search of better housing, schools, and employment opportunities (Hout, 1984; Wilson 1987, and Jargowsky, 1997).

Up until the mid 1960s inner-city neighborhoods were best categorized as mixed income communities, featuring a vertical integration of different social strata of the urban black population (Wilson, 1987). Working and middle-class blacks were confined by restrictive covenants to neighborhoods also inhabited by the lower class (Wilson, 1987). As significant numbers of non-poor blacks relocated to more socioeconomically diverse neighborhoods throughout the 1970s and into the 1980s, many inner-city communities confronted the growth of two problems- the concentration effects of poverty and joblessness and the erosion of a social buffer that has long played a role in the stability of urban black communities.

Following Wilson (1987) "concentration effects" refers to the constraints and opportunities embodied in an overwhelmingly socially disadvantaged neighborhood-including the ecological niches that the residents of these communities occupy in terms of access to jobs, availability of marriageable partners, and exposure to conventional role models. A "social buffer" refers to the presence of a sufficient number of working-class and middle-class professional families to cushion the effect or absorb the shock of uneven economic growth on inner-city neighborhoods, including the decreased relative demand for low skilled labor, and periodic recessions. The point is that the significant outmigration of these nonpoor families eroded the social buffer and therefore made it more difficult, especially in the face of prolonged joblessness, to sustain basic institutions in the inner city (including schools, churches, stores, recreational facilities, etc.). And as the basic institutions declined, the social organization of inner-city neighborhoods-positive neighborhood identification, including a sense of community, and explicit sanctions or norms against aberrant behavior-declined as well. The presence of stable working- and middle-class families provides role models that reinforce mainstream values pertaining to education, employment, and family structure. However, a far more important effect is the institutional stability that these families provide to their neighborhoods given their greater

economic and educational resources, especially during periods of an economic stagnation-periods of heightened joblessness in poor urban areas (Wilson, 1987).

Furthermore, the outmigration of many working- and middle-class blacks as well as the increased joblessness contributed to a significant increase in the proportion of blacks residing in ghettos who are poor. During the 1980s, the percent of poor blacks living in ghettos doubled, from 21 to 41.6 percent. (Jargowsky and Bane, 1991; Kasarda, 1993). But the total number of blacks (both poor and nonpoor) residing in areas designated as ghettos also rose (from 15.7 percent to 24.2 percent) not simply because of the increased number of poor blacks or because more people moved into them but mainly because "the poverty spread to more and more neighborhoods" (Jargowsky, 1997). In other words, areas that were designated as nonghettos before 1980 became ghettos after 1980 because the proportion of residents who were poor increased to at least 40 percent. Research by Jargowsky and Bane (1991) reveals that in the 1970s the exodus of the nonpoor (working- and middle-class families) from mixed income black areas was a major factor in the spread of ghettos.

Since 1980, the number of ghetto census tracts increased in a large majority of the metropolitan areas in the United States, including those that have experienced depopulation. Nine new ghetto census tracts emerged in Philadelphia even though it experienced one of the largest declines in the proportion of people living in ghetto areas. "In a number of other cities, including Baltimore, Boston, and Washington D.C., a smaller percentage of poor blacks lived in a larger number of ghetto census tracts. Chicago had a 61.5 percent increase in the number of ghetto census tracts from 1980 to 1990 even though the number of the poor residing in those areas increased only slightly" (Wilson 1996, p. 14).

The spread of ghettos has important implications for both the social organization of poor neighborhoods and the life chances of those who reside in them. Social organization, which refers to the ability of a neighborhood to maintain effective social control and realize their common goals (Kornhauser, 1978; Bursik, 1988), is attenuated in neighborhoods characterized by high levels of poverty and joblessness (Sampson and Groves, 1989; Wilson, 1996). Ghetto neighborhoods have less effective institutions, weaker informal networks, and social milieus that discourage collective supervision and responsibility. Lacking these important social resources, high poverty neighborhoods are more likely to experience a breakdown in public order, whereby crime, delinquency, and other forms of social disorder flourish. Thus, poor ghetto residents are doubly disadvantaged-first, by being poor and, secondly, by residing in neighborhoods characterized by low levels of social organization.

In addition, the individual experience of poverty is exacerbated by the social isolation brought on by residing in neighborhoods that offer few opportunities to interact with individuals and institutions representing mainstream society. Ghetto residents lack contact with regularly employed persons who can provide social

support (e.g. job networks) and reinforce normative orientations toward work (Wilson, 1987). Finally, in addition to the constraints on the life chances of adults, the behavior, expectations, and aspirations of youth from inner-city ghettos are directly affected by the prevalence of joblessness and other social dislocations that pervade these communities. The over-representation of jobless adults and the lack of opportunities for gainful employment leads to reduced youth expectations about their future and a weaker commitment to education as a path to social mobility (Wilson, 1991; Greene, 1993; Hopkins, 1987). The developmental trajectories of ghetto youth are also threatened by the prevalence of both criminal elements and deviant peer groups in ghetto neighborhoods that provide attractive opportunities for involvement in illegal and other nonnormative and risky behavior.

Let us provide a context to explore the impact of inner-city ghetto life on families and children in greater empirical detail by highlighting recent comparative data on neighborhoods in the city of Chicago which, like many other northern metropolises, has experienced considerable growth in its urban ghetto neighborhoods over the last three decades (Wilson, 1987).

### The Economic and Social Transformation of Chicago's Neighborhoods

In most U.S cities, racial minorities, especially African Americans, are much more likely to reside in poor neighborhoods (Jargowsky, 1997), and Chicago is no exception. In 1990, over 87 percent of all non-Hispanic whites lived in low poverty neighborhoods, 29 percent of the non-Hispanic black population of Chicago lived in medium poverty neighborhoods and 29 percent in ghetto or high poverty areas.<sup>1</sup> The figures for the poor population are even more stark. Half of all poor blacks in Chicago lived in ghetto neighborhoods in 1990, compared to 15 percent of Hispanics and 4 percent of whites. Thus, poor blacks were more than 3 times as likely to reside in the ghetto neighborhoods than poor Hispanics and 12 times as likely as poor whites.

Looking at high, medium and low poverty neighborhoods in 1990 we get a sense of how dramatic the decline has been in some of these areas over the last twenty years. Joblessness played a major role in the rise of poverty in Chicago's poorer neighborhoods since 1970. As indicated in Figure 1, the proportion of employed adults in poor neighborhoods changed dramatically from 1970 to 1990. Census data indicate that while the percent of all adults who were employed in low poverty neighborhoods in 1990 has remained relatively stable since 1970 (around 60 percent), rates for medium and high poverty neighborhoods significantly decreased.<sup>2</sup> In 1990, around half of all adults (49 percent) in medium poverty neighborhoods, and only 1 out of every 3 adults (33 percent) in high poverty neighborhoods, were employed. In 1970, the rate was 56 percent for medium poverty and 47 percent for high poverty neighborhoods.



High rates of joblessness, especially among males, have also helped to fuel the growth of welfare-dependent and female-headed families in poor neighborhoods (see Figure 2a and b), largely by reducing the number of males in inner-city neighborhoods who can support a family (Wilson, 1987). The 1980s witnessed a sharp increase in the proportion of mother-only families across all neighborhoods, but the rates in poor neighborhoods were especially high. By 1990, 6 out of 10 households (64 percent) in the poorest neighborhoods of Chicago were headed by a single mother, compared to 42 and 22 percent of the households in medium and low poverty neighborhoods, respectively.

Most of the growth in families on public assistance occurred in the 1970s, but welfare rolls remained at high levels twenty years later. Nearly half of all families in Chicago's ghetto neighborhoods and one quarter in medium poverty neighborhoods were receiving public assistance in 1990.

To examine the effects of poverty concentration on neighborhood social organization and the life chances of individual residents, we turn to data collected for the Youth Achievement and the Structure of Inner City Communities study, a project funded by the MacArthur Foundation Research Program on Successful Adolescent Development in High Risk Areas. Completed in June 1991, 546 African-American mothers and 830 of their adolescent children living in inner-city Chicago neighborhoods were interviewed. On average, African-American mothers residing in low poverty neighborhoods were more educated (with two years of college), less likely to be unemployed at the time of the interview (28 percent), and rarely received AFDC (4 percent), despite the low number of intact, or two-parent families (47 percent). In contrast, mothers residing in ghetto neighborhoods had, on average, slightly less than a high school education, were typically not working (74 percent), tended to receive public assistance (61 percent) and were rarely intact (12 percent). Mothers residing in medium poverty neighborhoods typically fell somewhere in between, although the proportion representing families that were intact was similarly low (17 percent).

Data from the Chicago study neighborhoods includes comparison of low, medium and ghetto neighborhoods on the average levels of social organization (based on mothers' responses to questions about neighborhood characteristics). Social organization is a multidimensional concept that encompasses both formal and informal institutional structures as well as social networks that facilitate individual community participation and responsibility. The key indicators of neighborhood social organization in this discussion include informal social control, neighborhood cohesion, formal institutional effectiveness, neighborhood crime, and teen problems.

Informal social control represents the extent to which residents of a neighborhood seek to achieve common goals by monitoring activities in the neighborhoods, actively promoting normative behavior, and intervening if problems are encountered (Bursik and Grasmick, 1993). Our empirical indicators of informal

social control include the proportion of residents who indicated that a neighbor would "likely" or "very likely" intervene to help the respondent if he or she witnessed a break-in at their home, someone trying to sell drugs to their child, fighting in front of their house, or their kids getting into trouble. In a pattern repeated throughout the analyses presented here, the results show significant differences between respondents in the low poverty neighborhoods and respondents in both the medium and ghetto neighborhoods.<sup>3</sup> Around 95 percent of all mothers residing in low poverty neighborhoods reported that a neighbor was likely to intervene under each circumstance described (see Figure 3). Informal social control is clearly less prevalent in medium and ghetto neighborhoods, where figures range from a low of 52 percent of the respondents in ghetto neighborhood who believe that a neighbor would intervene to stop fights to 74 percent in medium-poverty areas who believe that they would respond to a break-in at the respondent's home.

Informal social control is much more likely to come into play when neighborhoods are cohesive (Furstenburg, 1992). Neighborhood cohesion refers to the degree to which neighbors feel a shared common interest and collective responsibility for activities in the neighborhood. Figure 4 presents the proportion of residents who "agreed" or "strongly agreed" that neighbors get together to deal with problems in the neighborhood. Low poverty neighborhoods are much more cohesive, with 76 percent of the respondents reporting that neighbors are likely or very likely to get together to solve problems, in contrast to 32 percent in medium poverty and only 24 percent in ghetto neighborhoods who feel that way. These are presented in Figure 4.

Formal institutional effectiveness refers to the degree to which formal institutions responsible for public order and education are perceived by residents as effective. Figure 5 reports the proportion of residents in each neighborhoods who indicate that police responsiveness, public safety, and school quality were "not a problem." Mothers in both medium and ghetto neighborhoods report significantly less satisfaction with the quality of formal institutions. Whereas the proportion of mothers in medium and ghetto areas who felt that the effectiveness of these community institutions was not a problem in their neighborhood ranged from 9 to 28 percent, the figures for low poverty residents were much higher-between 71 to 87 percent.

Disadvantaged neighborhoods, particularly those with low levels of social organization, tend to have more problems with crime and delinquency (Shaw and McKay, 1949; 1969; Bursik and Grameck, 1992). Crime problems is measured by whether respondents indicated that assaults, vandalism, or drug sales were "big problems" in the neighborhood. As demonstrated in Figure 6, crime is a major concern for the residents of poorer neighborhoods. Residents in the medium poor and ghetto neighborhoods are 11 to 12 times more likely than those who live in low poverty neighborhoods (33 and 39 and 3 percent respectively) to state that assaults are a big problem. Nearly 80 percent of residents in ghetto neighborhoods

and 69 percent in medium-poverty neighborhoods indicate that drug sales are a major problem, in comparison to 13 percent in low poverty neighborhoods. Finally, we also asked respondents to indicate the extent to which they felt that delinquency, in the form of "teen groups causing problems" was an issue. Only 10 percent of mothers in low poverty neighborhoods reported big problems with teen groups, in contrast to 55 and those residing in medium-poverty neighborhood and 63 percent in ghetto neighborhoods.

In sum, the Chicago neighborhood data confirm that social organization is significantly lower in both medium poverty and ghetto neighborhoods than in low poverty neighborhoods. Mothers in the poorer areas were less likely to feel that neighbors would intervene if they witnessed problems in the neighborhood or get together to deal with common neighborhood concerns. They also reported more problems with serious crime and more difficulty controlling teenagers. In contrast to the large differences between the low poverty, and medium and high poverty neighborhoods on all measures, difference between medium and high poverty neighborhoods were minor and only one, drug sales, was statistically significant.<sup>4</sup>

A concept linking neighborhood disadvantage and the reduced life chances of poor inner-city residents is social isolation, which is defined as a lack of contact with individuals and institutions who represent mainstream society and who reinforce normative orientations, provide support, and help sustain neighborhood institutions (Wilson, 1987). The extent to which mothers and their adolescent children are socially isolated can be gauged by looking at the composition of the mother's social network, in particular, the number of close friends and relatives 1) with a steady job, 2) who graduated from college, 3) who receive public aid, and 4) who can be counted on in a major crisis. Generally, the data indicate that there is greater social isolation among residents of poorer neighborhoods, although the degree of social isolation varies by the socioeconomic status (SES) of the mothers (see Table 1).<sup>5</sup> Residents of poorer neighborhoods have fewer employed close friends and/or relatives in their networks, especially the low SES residents of ghetto neighborhoods. While most residents of poorer neighborhoods report fewer college-educated persons in their social networks, high SES residents in both ghetto and medium poverty neighborhoods have, on average, nearly two fewer college educated friends than their low-poverty counterpart.

Low SES residents of ghetto neighborhoods have, on average, nearly three more welfare recipients in their social network than those living in low-poverty neighborhoods. Finally, the number of potential supporters in times of crisis is higher for mothers residing in low-poverty neighborhoods than their counterparts in poorer neighborhoods. Overall, low SES mothers in ghetto neighborhoods fare worse in terms of all of our indicators of social isolation, in comparison to all other groups, either within or across neighborhood type.<sup>6</sup> The data presented in this section affirm that mothers who reside in neighborhoods with high levels of poverty have fewer community resources upon which to draw. These neighborhoods are less socially organized, less cohesive, and have less effective

formal and informal social controls. But what about the children who reside in these neighborhoods?

Existing research indicates that youth in disadvantaged neighborhoods are less likely to interact with prosocial peers, and are more apt to be exposed to and affected by deviant activities that occur in their neighborhoods (Crane, 1991; Quane and Rankin, forthcoming). Our empirical indicators of neighborhood peer group orientation include responses to two questions regarding the academic orientation of youth's neighborhood friends-whether most of them 1) got good grades and 2) attended school regularly. Results not present here indicate that all neighborhood differences on peer group orientation are statistically significant. While 85 percent of all youth in low poverty and 66 percent in medium poverty neighborhoods stated that most of their friends got good grades in school, only about half (51 percent) did so in the ghetto neighborhoods. Perhaps more disconcerting, because it indicates high truancy and subsequent drop-out rates, is the fact that only 61 percent of the youth in ghetto neighborhoods reported that most of their friends attend school regularly, compared to 73 and 89 percent in medium and low poverty neighborhoods, respectively (see Figure 7). In short, youth residing in ghetto neighborhood are much more likely to have friends who are less oriented toward academic achievement and are at greater risk of school failure and dropping out. Predictably, the combined effect of growing up in resource-depleted neighborhoods, where youth are exposed to peers who are disinterested in school, means reduced expectations of completing a successful course of adolescent development. Expectations about neighborhood youth was measured using two positive outcomes: 1) graduating from high school and 2) getting a good job as an adult; and two negative outcomes: 3) becoming a teen parent, and 4) going on welfare. As indicated in Figure 8, a large majority of the youth in low-poverty neighborhoods believe that the chances are "high" or "very high" that other youth in their neighborhood will graduate from high school (75 percent) and get a good job as an adult (63 percent). Youth residing in ghetto neighborhoods were much more pessimistic - 42 percent felt that the chances were high that the youth in their neighborhoods would complete high school and just 24 percent felt that way about their chances of getting a good job. Nonnormative outcomes followed a similar pattern. Whereas just over 10 percent of the youth in low poverty areas believed that the chances of youth in their neighborhoods going on welfare or becoming a teen parent were high, roughly half of the respondents residing in ghetto poverty neighborhoods felt that way. Overall, the data illustrate that youth in poorer neighborhoods are more gloomy about the life course of their peers and acquaintances.

## Discussion and Conclusions

The Kerner Report stressed the need for inclusionary approaches to remedy the situation of racial, spatial and economic disparity. Concerned about the "polarization of the American community," the Commission warned that if trends continued unabated the nation's largest cities would see the spatial isolation of

low income blacks in the inner cities of the largest cities (Kerner, 1968:1). The report cautioned that family disruption and social problems would pervade neighborhoods where the highly concentrated urban poor are cut off from employment opportunities and lack effective institutional resources. This prescient view of the rapid social and economic deterioration of the nation's metropolitan regions since the 1960s, in particular the older industrial cities of the Northeast and Midwest, foretold the emergence of a new urban poverty, a poverty featuring chronic joblessness and related social dislocations (Wilson 1996).

In this chapter we considered the causes and consequences of the decline in inner-city neighborhoods and located this discussion in an historical context and highlighted some of the demographic shifts, economic trends, and political and social transformations that helped shape what we know of today as "ghetto neighborhoods." The explosion in the size of the urban black population in the 1950s and 1960s gave rise to a new pattern in local and national politics. Staunchly democratic, the politicization of urban blacks helped to propel John F. Kennedy to victory in the 1961 presidential election (Miller, 1968; Zarafsky, 1986). Realizing the importance of the black vote, politicians began to call attention to the plight of ghetto residents and to propose palliatives to alleviate the pernicious effects of persistent joblessness. The civil rights movement successfully challenged discriminatory housing policies and brought about significant improvements in the education and the health and nutrition of children, and pushed for the expansion of social programs such as Head Start, Medicaid and food stamps which benefited the ghetto poor (Katz, 1995). However, labor market policies, that would have produced jobs for low-skilled workers did not get the kind of support that was needed to affect a significant improvement in the rate of poverty among minorities in the ghetto (Weir, 1991). The growing concentration of blacks in urban ghettos coincided with a fundamental change in the structure of the labor market that greatly affected the ability of low-skilled workers to provide for their families. Technological advances increased industrial efficiency but also decreased the need for workers in labor-intensive industries, especially in manufacturing, which had been a mainstay for blue-collar jobs. At the same time, the exodus of working-and middle-class blacks from core inner-city neighborhoods enhanced the concentration effects of joblessness and poverty and removed important economic and social buffers that had softened the impact of macroeconomic changes in these vulnerable communities.

During the decades of the 1970s and 1980s conditions in inner-city ghettos went from bad to worse. Rates of joblessness and concentrated poverty increased as well as the social dislocations associated with them, including family breakups, welfare receipt, and crime. The Reagan and Bush administration further aggravated conditions in the inner cities by sharply cutting spending on direct aid to cities, including urban programs designed to alleviate some of the distress in these areas such as public service jobs and job training, compensatory education, social service block grants, and economic development assistance (Caraley 1992; Wilson, 1996).

Our data for Chicago illustrate the increase in rates of joblessness and concentrated poverty, as well as the social dislocations associated with them. We have also tried to highlight the multiple pathways by which the new urban poverty impinges on the life chances of inner-city residents. While we demonstrate that high poverty neighborhoods in Chicago include a disproportionate number of jobless adults, welfare recipients, and single parent families, we also show that they feature lower levels of social organization—that is, the extent to which associations and relationships between neighborhood residents help to maintain social norms and realize common goals.

Compounding the lack of informal social controls are weak formal institutions, notably schools and law enforcement. Moreover, the problems with these institutions are not unrelated, because when youth are unprepared to enter the workforce, they are more likely to have unstable work histories that make them undesirable to employers. Without opportunities in the conventional world of work these youth may engage in illegal activities, which creates more problems for law enforcement. When we consider the fact that mothers in high poverty neighborhoods reported much higher rates of criminal activities and teen problems, the continued weakness of these institutions can only heighten the disorder found in many ghetto neighborhoods. Residence in poor neighborhoods also constrains the social networks of adults, making them more isolated from contact with mainstream individuals and institutions than their counterparts in more affluent neighborhoods. Moreover, the unemployed friends and relatives of ghetto residents are less able to provide social and economic support in time of need.

The Kerner Commission stressed that one of the main causalities would be children raised in these disadvantaged neighborhoods. Our data confirm this concern. The friends of youth residing in high poverty neighborhoods are less committed to education and are at greater risk of dropping out. As the Kerner Report predicted, growing up in neighborhoods where poverty and joblessness proliferate undermines the hopes and aspirations of inner-city youth and reinforces attitudes and behavior that affect their chances of escaping poverty.

Social scientists and policy professionals concerned about the changing conditions in the inner city, especially in light of the new welfare legislation, would do well to reflect on the past as we debate the future. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) signed into law on August 22, 1996, by President Clinton, replaces the existing Aid to Families and Dependent Children (AFDC) program, and drastically changes how we deal with the poor. By emphasizing "personal responsibility" this legislation makes the values and orientations of the poor a central issue, and reignites decades of discussions on whether or not the poor deserve our help. With each change in national policy comes renewed efforts to ensure accountability and a preoccupation with meeting institutional standards for compliance.

The other side of the equation, the "work opportunity," has not been well articulated and again, after decades of lackluster attempts to define a national policy that would create jobs, it is still unclear how present policies will contribute to employment objectives. Indicators of the reform's successes have focused almost exclusively on caseload reductions across the country, while data on job procurement by welfare recipients and terms of employment have been slow to materialize. Even more worrisome is the fact that little or no attention has been paid to male joblessness, which is inextricably tied to the welfare receipt of mothers and the well-being of children. Low income women for the most part, date, marry, and have children with, low income men. Attempts to slice the welfare rolls without confronting the labor market opportunities of these men lessens the likelihood that poor urban families can be self-sufficient.

The social and economic conditions of the ghetto did not occur overnight. Thirty years have transpired since the Kerner Report called on the Johnson administration to approve massive government interventions to alleviate the conditions that fostered social disorder and despair in the ghetto. Since then, each subsequent administration has retooled the welfare system to make it more and more difficult for mothers to obtain public assistance while at the same time failing to mount a serious attack on chronic unemployment. We delude ourselves if we believe that we can continue along this much worn path. The problems in the ghetto have compounded over the years as work disappeared and the illegal economy flourished. Consequently, the ominous predictions of the Kerner Report have become our urban reality.

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#### THE "BITTER FRUIT" OF 30 YEARS OF NEGLECT

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The Kerner Commission report could be Exhibit A in defense of the American nation. Here was a nation racked by racial violence, whose mainstream political establishment stood up and acknowledged the complicity of white racism in creating the conditions that led to the civil disorders, as they were euphemistically known. At the same time, the lackluster response of the nation to the bold agenda laid out by the Kerner commission could be Exhibit A for the plaintiffs, proof that the nation has never accepted its responsibility for the conditions of black Americans and is not serious about redressing the racial divide in our society. Indeed, at least in part because of inaction and neglect, the conditions of the inner-city ghettos that spawned riots have grown worse. More blacks live in impoverished inner-city ghettos today than 30 years ago. Many more. These

neighborhoods have grown larger and in some ways are more desperate and isolated from the social and economic mainstream than ever before.

In important ways, however, the situation is very different than in the 1960s. Whereas ghettos were primarily formed and maintained by the immigration of southern blacks and strict enforcement of racial segregation, the ghetto expansions of the last few decades were largely driven by the selective outmigration from the central cities of both the white and black middle classes. This new urban dynamic explains the seeming conflict between the overall economic numbers for African Americans, which have improved or at least not deteriorated, and the objective conditions of inner-city neighborhoods, which have for the most part continued to decline.

This paper takes stock of the intersection of race and poverty in our nation's cities since the release of the Kerner Commission report in 1967. I examine the trends in black family income and changes over time in residential segregation by race. My primary focus however is the spatial organization of poverty within metropolitan areas, particularly the expansion of impoverished ghetto neighborhoods.

#### family income

The median income of African American families, like that of U.S. families in general, increased between 1970 and 1995, but only at a very slow rate. Median family income, after adjusting for inflation rose from \$23,170 to \$25,970, for a meager annualized rate of increase of 0.5 percent.<sup>1</sup> (White family incomes grew by about the same rate, rising from \$37,772 to \$42,646.) The poverty rate of black families dropped from 29.5 in 1970 to 26.4 in 1995. Yet the poverty rate of black children - in other words, the percent of black children living in families classified as poor - did not change at all between 1970 and 1995. The rate stood at 41.5 in both those years. Keep in mind that the poverty level for a family of four in 1995 was only \$15,569. With more than 4 in 10 black children growing up in poverty decade after decade, it is not surprising that so many black youth are troubled, do poorly in school, and have little commitment to mainstream institutions.

These numbers, however, miss a significant development. At least part of the black population has prospered. Figure 1 shows the black family income distributions in 1970 and 1995. A striking transition is evident. By 1995, the black income distribution had become substantially more skewed in the direction of higher incomes. A slightly larger percentage of black families were in the lowest income bracket - family income less than \$10,000.<sup>2</sup> Substantially more had higher incomes; in 1995, 21.3 percent of black families had incomes in excess of \$50,000 dollars, compared to 12.4 percent in 1970. There were declines in all the income brackets between \$10,000 and \$50,000.

The implication is that there was a substantial increase in the inequality of black family income, primarily caused by an increase in the proportion of affluent families but little change in the proportion of poor families. Part of the black community was moving forward, another part was left behind in spite of 25 years of, for the most part, economic growth and higher standards of living in the general population. For the part of the black community experiencing growing incomes, the growth in inequality was not a problem but the solution to their problem.

This growth in inequality of family income reflects a general trend in American society and is consistent with the trends of white families. While the full explanation of rising inequality in recent decades is the subject of much debate, most analysts agree that two major factors are a change in the technology of production and greater openness in the world economy (Danziger and Gottschalk, 1995: 149). Both factors lead to increasing demand for high-skilled labor and decreasing demand for low-skilled labor. For our purposes, however, it is important to note that the trends in the black income distribution mirror the trends for whites - benefits to those at the upper end of the skill distribution and stagnation at best for the less well off. This is quite a contrast to the decades leading up the riots, when blacks were systematically excluded from participating in the robust growth enjoyed by white Americans and the children of earlier European immigrants.

#### racial segregation

The Kerner Commission identified racial segregation as one of the most pernicious legacies of white racism and a major contributing cause to the riots. In the South, of course, de jure segregation was the norm. Vast migrations of blacks from the rural South to the urban North resulted in heavy black concentration in areas with slum housing, following a well-worn pattern trod by generations of European immigrants. Unlike these earlier immigrants, however, blacks did not become residentially assimilated over time:

Nowhere has the expansion of America's urban Negro population followed this pattern of dispersal. Thousands of Negro families have attained incomes, living standards, and cultural levels matching or surpassing those of whites who have "upgraded" themselves from distinctly ethnic neighborhoods. Yet most Negro families have remained within predominantly Negro neighborhoods, primarily because they have been effectively excluded from residential areas. (p. 244)

The history of overt and covert forms of housing discrimination is well-documented (Massey and Denton, 1993; Yinger, 1995). But the Kerner commission is also careful to point out that housing segregation is a product not only of constraints on black families' choice of housing, but of choices made by whites to flee borderline or mixed areas:

Normal population turnover causes about 20 percent of the residents of average United States neighborhoods to move out every year because of income changes, job transfers, shifts in life-cycle position or deaths.... The refusal of whites to move into "changing" areas when vacancies occur there from normal turnover means that most vacancies are eventually occupied by Negroes. An inexorable shift toward heavy Negro occupancy results. (P. 244-245)

Thus, white's fear of racial transition becomes a self-fulfilling prophecy. The result is "massive racial transition" at the edge of existing all-Negro areas" (245).

Three decades after the passage of landmark civil rights and fair housing legislation, racial segregation between blacks and white remains extremely high (Farley and Frey, 1994; Massey and Denton, 1987, 1993). The good news, however, is that racial segregation has been declining in most metropolitan areas since about the time of the Kerner Commission report (Farley, 1991). Between 1980 and 1990, the Index of Dissimilarity measuring segregation by race declined in 260 out of 318 metropolitan areas. On average, the index fell from 0.70 to 0.66. Declines occurred in every region of the country, and were by no means limited to cities with small numbers of blacks. Of the metropolitan areas in the top quartile in terms of the percentage black, 66 of 80 had declines in racial segregation and the index declined from 0.75 to 0.72 - still very high by historical standards and in comparison to other racial and ethnic groups, but moving slowly in the right direction (Jargowsky, 1997b: Table 5.2). The number of neighborhoods (census tracts) with zero black residents has declined by 25 percent between 1980 and 1990, even as the number of census tracts was increasing and the vast majority of new census tracts were created in the suburbs (Jargowsky, 1997a: 48). In terms of racial segregation, then, there has been progress since the 1970s. The key element in the turnaround was probably the passage of the Fair Housing Act (1968), despite little active enforcement of the measure. The Kerner Commission's recommendation for "programs designed to encourage integration of substantial numbers of Negroes" has been largely ignored.

urban ghettos

Central to the argument of the Kerner Commission was its analysis of the social and economic conditions of the black ghetto and the role of those conditions in sparking civil disorders. The term "ghetto" as used by the Kerner Commission referred to "an area within a city characterized by poverty and acute social disorganization, and inhabited by members of a racial or ethnic group under conditions of involuntary segregation" (Kerner, 1968: 12). With uncommon directness, the Commission identified the "bitter fruits" of white racism as the primary cause of the "explosive mixture which has been accumulating in our cities since the end of World War II" (203). In the ghetto, "segregation and poverty have intersected to destroy opportunity and hope and to enforce failure" (204).

The Commission's emphasis on the spatial aspects of the poverty problem was a departure from traditional ways of viewing poverty, which emphasized economic convulsions, on the one hand, and the supposed character flaws of individual poor persons, on the other hand (Katz, 1986). The spatial concentration of poverty, achieved through the interaction of racial segregation and employment discrimination, affected both internal and external relationships for those trapped in ghetto neighborhoods. Within ghettos, the concentration of disadvantage leads to "an environmental jungle characterized by personal insecurity and tension" and a system of ruthless, exploitative relationships within the ghetto" (262). Externally, the Commission argued that entrapment in ghettos isolated blacks from the mainstream economy because "future jobs are being created primarily in the suburbs" so that "this separation will make it more and more difficult for Negroes to achieve anything like full employment" (406).

There is no reason to think that the years since 1967 have lessened the logic behind worrying about the spatial aspects of poverty. Wilson (1987) identified the importance of social isolation in intensifying and exacerbating the effects of economic deprivation, particularly as the middle-class black institutions that once acted as "social buffers" have left the inner city. The predicted suburbanization of jobs has occurred and metropolitan areas have continued to sprawl and jobs have continued to decentralize (U.S. Congress and Office of Technology Assessment, 1995).

How has the spatial organization of black poverty changed since the Kerner Report? As noted above, black poverty has remained relatively constant since the 1960s, even as a black middle-class has emerged and expanded. Since the black poverty rate has not increased and segregation by race has actually decreased, one might guess that the "ghetto problem" would have diminished since the 1960s. Surprisingly, this is not the case. In fact, as I will argue below, the ghetto problem has gotten dramatically worse. High-poverty areas in central cities have expanded rapidly; more of the overall black population resides in such neighborhoods; and the black poor are increasingly concentrated within them and isolated from the social and economic mainstream.

Has the number of blacks living in impoverished ghettos grown or diminished since the release of the Kerner report? To answer this question, an operational definition of the term is needed. The Kerner Commission's usage of the term "ghetto" had several elements, each of which must be addressed. A ghetto is: an area within a city"

While many blacks live in high-poverty areas in the rural South, these pockets of poverty have very different origins and social conditions. To approximate this element, I will examine only neighborhoods within metropolitan areas. As a proxy for neighborhoods, I use census tracts, which are small, relatively homogenous areas delineated by the Census Bureau throughout the country

(Jargowsky and Bane, 1991; Jargowsky, 1997b). o "characterized by poverty and acute social disorganization"

Neighborhoods span the whole range of poverty in a continuous distribution from 0 to 100 percent. A clean division of neighborhoods into "slums" on the one hand and "good" neighborhoods on the other is not possible. However, field research in a number of metropolitan areas indicates that areas in which the census tract poverty rate exceeds 40 percent correspond well to the neighborhoods of greatest concern to social service providers, neighborhood organizations, and other individuals who are familiar with local neighborhood conditions (Jargowsky and Bane 1991).

o "inhabited by members of a racial or ethnic group under conditions of involuntary segregation"

Most neighborhoods contain some mixture of whites, blacks, and members of other race groups. There is no consensus about what constitutes a segregated neighborhood, but any such scheme must take into account the underlying proportion of blacks in the population (Ellen, 1996; Massey, et al., 1994). In 1990, blacks were about 12 percent of the U.S. population. If perfect integration prevailed, all neighborhoods would be 12 percent black. Hence, even though such a neighborhood is predominantly white, logic demands it be considered integrated. At the same time, a neighborhood in which half the residents are black and half are white must also be considered racially integrated in view of the common sense meaning of the word.

Thus, the category of integrated neighborhoods must include, at a minimum, neighborhoods in which the percentage black is in the range of 12 to 50 percent. For this analysis, I will categorize census tracts as segregated non-black neighborhoods if the percentage of residents who are non-Hispanic blacks is less than half the national average, i.e. less than 6 percent. I will categorize neighborhoods as integrated if the percentage of residents who are non-Hispanic blacks is 6 percent or more, but less than 60 percent. Census tracts in which at least 6 in 10 residents are non-Hispanic blacks are categorized as segregated black neighborhoods. While this categorization scheme is arguable, the results are not particularly sensitive to the specification of the categories because the distribution of neighborhood percent black is basically bimodal (Jargowsky, 1997b: Figure 1.2).

Table 1 shows the residential patterns of blacks living in metropolitan areas in 1990. Nearly half of all blacks lived in segregated black neighborhoods in 1990. Yet nearly as many (42.3 percent) lived in integrated neighborhoods, and a non-trivial number (8.3 percent) lived in segregated white neighborhoods.<sup>3</sup> More than 4 million blacks lived in high-poverty neighborhoods in 1990. Of these, more than 8 in 10 lived in neighborhoods that were also segregated by race. In comparison, blacks living in neighborhoods with lower poverty rates were also much more likely to live in integrated neighborhoods, especially those who live in

neighborhoods where fewer than 1 in 5 persons were poor. For blacks, therefore, neighborhood poverty goes hand in hand with segregation. However, the converse is not true. Of blacks living in racially segregated neighborhoods, most were not also living in high-poverty neighborhoods. Of the 12 million blacks in segregated black neighborhoods, 42.4 percent lived in neighborhoods with intermediate poverty rates. The rest were almost equally divided between neighborhoods with low poverty rates and high-poverty ghettos. Not all racially segregated neighborhoods are ghettos, in the Kerner Commission's sense of that term. Fewer than one third of the blacks in racially segregated neighborhoods lived in slum conditions.

#### changes in the spatial organization of poverty

Table 2 shows the changes between 1970 and 1990 in the U.S. black population and residence in high-poverty neighborhoods within metropolitan areas. Overall, the black population of the United States grew by about a third. The number of black poor also grew, but not as rapidly, so the poverty rate of blacks from about 35 percent to about 30 percent, as noted earlier. At the same time, the black population became more centralized in metropolitan areas. About two thirds of U.S. blacks resided in metropolitan areas in 1970. By 1990, about three quarters of U.S. blacks lived in these same areas. Thus, the migration of blacks from rural areas and small towns to metropolitan areas noted by the Kerner Commission has continued, albeit at a slower rate.

More importantly, a greater share of the blacks residing in metropolitan areas lives in high-poverty neighborhoods - census tracts with poverty rates of 40 percent and above. The black neighborhood poverty rate, i.e. the proportion of persons living in these impoverished neighborhoods, rose from 14.4 percent in 1970 to 17.4 percent in 1990. In comparison, in 1990, 10.5 percent of Hispanics and only 1.4 percent of whites lived in high-poverty neighborhoods. Thus, a black resident of a metropolitan area was more than 12 times as likely to be a resident of a high-poverty neighborhood as a white resident.

The combination of population growth, increasing metropolitanization, and increasing neighborhood poverty resulted in a 70 percent increase in the number of blacks residing in impoverished ghetto neighborhoods - rising from about 2.5 million in 1970 to more than 4 million persons by 1990s. While some of these 4 million blacks were in racially integrated high-poverty neighborhoods, as noted above, the vast majority of these were in ghetto neighborhoods in the Kerner Commission's sense of the term. This disturbing trend is the starkest measure of our failure to heed the warnings or implement the policies of the Kerner Commission.

Persons who live in a poor family are disadvantaged because they don't have the resources to obtain the resources that others take for granted and that are necessary to take advantage of opportunities in the economy - clothing, health



care, telephone service, day care, transportation and so on. Persons who live in poor neighborhoods are disadvantaged because of the lack of stable neighborhood institutions, established pathways to success, remoteness from areas of job growth and - in some cases, at least - high rates of criminal activity that serve to undermine attempts to succeed in the mainstream economy. People from poor families who also live in high-poverty neighborhoods obviously face the greatest difficulties. Those who suffer poverty at both levels can not use resources from the community help offset family poverty and cannot use family resources to buffer the effects of residing in a poor neighborhood, exacerbating both types of disadvantage.

The concentration of poverty is the proportion of people in poor families who reside in poor neighborhoods. Among blacks, the concentration of poverty rose from 26.1 percent to 33.5 percent in 1990. Thus, while the overall poverty level of metropolitan blacks has changed little since 1970, there has been a notable change in the spatial organization of poverty. And, as argued above, the spatial component of poverty is likely to be more important today than it was in the 1960s, because of the increasing suburbanization of job growth and the increasing importance of language and skills in the modern economy.

forces driving ghetto expansion

While the nation as a whole shows a steady upward trend in neighborhood poverty, there is a great deal of variation contained within that average. Table 3 shows the trends in neighborhood poverty rates for the nine Census "divisions," which are subdivisions of regions, as well as selected cities within those areas. These differential trends show that ghetto poverty is very responsive to local and regional economic conditions. In the Mid-Atlantic region (New York, New Jersey, and Pennsylvania), ghetto poverty nearly tripled during the 1970s. After the long economic recovery of the 1980s, which was particularly strong in the Northeast, cities such as New York and Philadelphia actually showed small declines in ghetto poverty between 1980 and 1990, as did the average for the Mid-Atlantic states.

Pittsburgh and Buffalo, however, both went against the regional trend with large increases in ghetto poverty in the 1980s. In Buffalo, the share of blacks living in high-poverty areas rose from 21 to 40 percent. These two cities mirrored the pattern of the eastern portion of the Midwest (Illinois, Indiana, Michigan, Ohio and Wisconsin), where ghetto poverty increased substantially over both decades. The economies of the West South Central Division (Arkansas, Louisiana, Oklahoma and Texas) are closely linked to the price of oil; these states boomed in the 1970s and slumped in the 1980s. Ghetto poverty responded dramatically to these economic changes, falling by 1980 to nearly half the 1970 level and rising substantially by 1990.

Statistical analysis confirm what these regional trends suggest: that the extent of ghettoization is highly dependent on overall economic trends and changes rapidly in response to changing economic conditions. This contradicts the notion that the residents of ghettos are so enmeshed in a culture of poverty that they are not able to take advantage of available opportunities. It also suggests that in the years since 1990, with a booming economy in most of the U.S., that levels of ghetto poverty may have fallen from 1990 levels. Indeed many cities are reporting success in stabilizing neighborhoods, reducing crime, and rebuilding formerly devastated areas. Low unemployment is a powerful weapon against poverty and neighborhood deterioration.

Unfortunately, despite the recent gains due to the booming economy, there are still reasons to be deeply concerned about the future prospects of cities. Metropolitan economies improved on average between 1970 and 1990, and yet the number of blacks residing in impoverished ghettos increased by 70 percent. This long-term increase in ghetto poverty is an underlying trend which is independent of the business cycle. Middle-class persons of all races move out of the inner cities to the inner ring of suburbs. More affluent persons move from inner suburbs to the outer ring. The result of this process is that borderline high-poverty areas on the edges of the ghetto become poorer, eventually reaching 40 percent poverty. Thus, the physical size of the ghetto expanded rapidly as the individual census tracts within the ghetto area lost population. However, the area of population loss is usually much larger than the ghetto area per se. The area of population gains is consistently at the periphery.

This process of ghetto expansion driven by differential outmigration of more affluent households is common across the country. Even in metropolitan areas where there was a decline in the number or percentage of people living in high-poverty neighborhoods, the number of census tracts classified as ghettos often expanded. Thus, the long-run trend in neighborhood poverty is driven by the process of suburban sprawl, in which jobs and wealthier people move further and further from centers of metropolitan areas, leading to higher levels of economic segregation.

Virtually every metropolitan area in the United States is becoming more segregated by income (Jargowsky, 1996; Massey and Eggers, 1993). The growth in high-poverty neighborhoods is just the most visible manifestation of a much broader set of changes in the spatial organization of metropolitan areas. For example, outer-ring suburbs allow, even encourage, developers to build single-income developments for the upper-middle class while inner-city neighborhoods wither. Public resources go into providing new streets, schools and sewers for these fringe developments even similar assets closer to downtown are underutilized and in need of repair.

Metropolitan areas are undergoing important sociodemographic changes. Foremost among these is a continuing trend toward decentralization. Between

1960 and 1990, central cities' share of total metropolitan area population declined from 51 percent to 40 percent, despite annexation (Frey, 1993). While a robust economy helps central cities and poor neighborhoods within them, the long term trend underlying the ups and downs of the business cycle is that prosperity and job growth are moving to the metropolitan periphery when poverty and joblessness are concentrated in the core of metropolitan areas (Hughes, 1993: 16-17; Wilson, 1987, 1996). The pooling of poor individuals in urban centers is hardly a new development urban areas have always been a port of entry for immigrants and internal migrants (Hicks, 1994: 815). But concentration in the central city is no longer an effective way for poor individuals to get connected to the larger economy, and instead subjects its residents to multiple disadvantages.

Unfortunately, the public policy response to the plight of the inner city has taken little account of the process by which such neighborhoods are created. Policies such as Empowerment Zones and Community Economic Development are based on the premise that something is wrong with individual neighborhoods, and that these neighborhoods can be "fixed" by neighborhood level interventions. While not harmful, these programs are unlikely to have any impact on the way metropolitan areas are developing. Indeed, current federal programs often replicate the fragmented political structure of metropolitan areas; for example, there are often separate public housing waiting lists for the central city and the suburbs.

In fact, federal government policies have encouraged the mad rush towards economic segregation, through highway construction, the tax code, and infrastructure development (Salins 1993: 97). State governments also have contributed to decentralization by tolerating exclusionary zoning and "not in my back yard" attitudes on the part of local governments. In fairness, federal and state government policies did not create the desire of people to live in neighborhoods segregated by race and income, nor were they the driving forces behind metropolitan decentralization. But their policies have enabled and accelerated these underlying processes; in effect, throwing gasoline on the fire. In contrast, government policy provided a countervailing force against the desire of people to segregate by race and ethnicity. While racial discrimination in housing markets obviously persists, the situation would be far worse than it is today if for the past thirty years state and local governments had encouraged and subsidized racial segregation.

## Conclusion

One of the most striking thing about the Kerner Report is the elegance and brutal honesty of the writing. The text does mince words in criticizing either whites or blacks as the authors see fit. For example, in a section discussing the Black Power movement that is provocatively titled, "Old Wine in New Bottles," the commission writes:

The Black Power advocates of today consciously feel that they are the most militant group in the Negro protest movement. Yet they have retreated from a direct confrontation with American Society on the issue of integration and, by preaching separatism, unconsciously function as an accommodation to white racism. (235)

Whether or not the Commission's scathing characterization of the Black Power movement is accurate or overstated, there is no denying that the position is stated clearly and directly.

Nor are the attitudes and actions of whites treated lightly by the Commission, which concludes that white racism was the fundamental cause of the civil disorders:

The record before this Commission reveals that the causes of recent racial disorders are imbedded in...the historical pattern of Negro-white relations in America.

Race prejudice has shaped our history decisively in the past; it now threatens to do so again. White racism is essentially responsible for the explosive mixture which has been accumulating in our cities since the end of World War II. At the base of this mixture are the most bitter fruits of white racial attitudes:

Pervasive discrimination and segregation... Black migration and white exodus... Black ghettos. (203-204, emphasis in the original)

The Commission, composed mostly of moderates and members of the "establishment," nevertheless refused to let white society off the hook by focusing on the criminal aspects of the actions of rioters, protestors, and activists. "The central thrust of Negro protest," the Commission stated,

has aimed at the inclusion of Negroes in American society on a basis of full equality rather than at a fundamental transformation of American institutions.... Negro protest, for the most part, has been firmly rooted in the basic values of American society, seeking not their destruction by their fulfillment.

In the 1960s, the underlying basis of the urban crisis could be summed up in one word: race. Blacks were systematically excluded from all important and desirable aspects of economic, social, and political life. As long as blacks expected no better, this situation was tolerated. Anger requires expectations, and blacks in America had none. But this Civil Rights movement changed all that by reaffirming that the American dream was the birthright of all Americans, regardless of skin color. When de jure equality turned out to be a fraud and America continued to deny blacks real citizenship, the inner cities erupted in a spasm of protest and violence.

To repeat, the urban crises of the 1960s could be summed up in just one word: race. Today, one word just won't do. A rough approximation of equality of opportunity has been achieved for those blacks fortunate enough not to have been too badly disadvantaged by America's 300 year legacy of slavery and racism. But a significant segment of the black population is unable to take advantage of the narrowly opened door. They live in impoverished ghettos in inner-city neighborhoods that isolate them geographically, educationally, and socially from the possibility of living the American dream.

Now the urban crisis can be summed up, awkwardly at best, as increasing economic segregation interacting with the rising inequality in the context of the aftermath of 300 years of poverty and racism. We are no longer moving towards two societies, one white and one black, and that is a change that should not be taken lightly. But we are moving in the direction of the kind of society that build walls topped by broken glass, a society with permanent, deep, and bitter class divisions. By fulfilling only the easy and cheap parts of the Kerner Commission's mandate, we have traded one problem for another, and I fear it is a more complex and intractable one.

In the 30 years since the release of the report, much progress has been made in eradicating the racial basis of oppression. Unfortunately, our failure to deal with the geography of opportunity has resulted in an increasingly fragmented society. The spatial differentiation of metropolitan space now results in a profound inequality of access to the American Dream. The increasing concentration of poverty has given even more urgency to the Commission's urgent plea not to stumble into the future through inaction:

We cannot escape the responsibility for choosing the future of our metropolitan areas and the human relations which develop within them. It is a responsibility so critical that even an unconscious choice to continue present policies has the gravest implications. (408)

If the nation pursues policies that raise incomes, reduces inequality, and slows down the momentum of metropolitan sprawl, the concentration of poverty can be significantly reduced and its affects ameliorated. The alternative is to continue blundering down the futile path of letting our cities become hollow shells and allowing our society to divide into two distinct groups - one with access to good neighborhoods and schools and the other warehoused in vast urban wastelands.

History and current events suggest that a strong nation, even one with no significant external threat, may find itself in decline because of internal racial and ethnic conflicts. Such conflicts are especially acute when there are large economic disparities among groups, and when the groups are geographically and socially isolated from one another. Although the ethnic conflicts in places like Somalia, Rwanda, and Bosnia may seem beyond anything that could happen in the United States, we should learn the lessons of those tragedies. And a persistent, low-level

political conflict, on the order of the Quebec separatist movement, is not an impossibility in the United States. It can happen here. Indeed, scattered groups of disenfranchised rural whites have already renounced the United States, challenged its laws and institutions, and taken violent action against federal officials. The Central Cities of our metropolitan areas could well become crucibles for radical rejection of American institutions. This is exactly the fear embodied in the Kerner Commission's warning that we are becoming "two societies...separate and unequal." In the Post-Cold War era, this prospect now poses the greatest threat to the United States long-term economic and political stability.

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Notes

1. The figures are adjusted for inflation using the CPI-U-XI (Statistical Abstract of the United States: 1997, Table 723). Rate of increase computed from  $Y1=Y0(1+r)1$ .
2. Throughout this discussion, the numbers are in constant 1995 dollars.
3. Some of these neighborhoods could be majority Hispanic, majority Asian, etc. However, the vast majority of the blacks in neighborhoods classified as segregated white/other lived in neighborhoods where the more than half of the non-black residents were non-Hispanic whites.
4. The Census Bureau defined a number of new metropolitan areas between 1970 and 1990. However, these are excluded from the analysis, which includes a constant set of 239 metropolitan areas in all three decades. Thus, the population shift noted in the text is real and not an artifact of the redefinition of places into metropolitan areas.
5. The number of whites and Hispanics in high-poverty neighborhoods also grew. See Jargowsky (1997: Chapter 3) for detailed discussion. In all, the number of residents of high-poverty areas exceeded 8 million in 1990.



## Appendix 2

**Los Angeles Times**  
**February 28, 1993**

New Report Echoes 'Two Societies' Warning of 1968 Kerner Commission

Poverty: Eisenhower Foundation says to counter the slide toward a divided nation, funds are needed to aid the hard-core inner-city poor.

By Ronald J. Ostrow

Washington - A presidential commission's conclusion 25 years ago that America was moving toward "two societies, one black, one white" has grown more relevant in the wake of last year's Los Angeles riots and the failure of government to respond, a national foundation warned Saturday.

As a remedy, the Milton S. Eisenhower Foundation called for the nation to focus on improving the lot of the urban hard-core poor, "the roughly 10% 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."

The report recommended that federal officials scrap or reform a number of unsuccessful high-profile programs and move away from experimental efforts in favor of programs that have demonstrated success. The foundation estimated that at least \$300 billion would be needed over 10 years to carry out its recommendations.

The recommendations are being made on the 25th anniversary of a 1968 report by the Kerner Riot Commission, which was created by former President Lyndon B. Johnson after racial disorder struck Newark, NJ, Detroit and other cities in the summer of 1967, two years after the Watts riots in Los Angeles. The commission was headed by former Illinois Gov. Otto Kerner.

While there had been some gains since the 1960s in attacking the social ills that underlay the riots, many were undone by "federal disinvestments of the 1980s," said the foundation. The foundation was named for former President Dwight D. Eisenhower's youngest brother. It was created by members and staff of the Kerner Commission and two other presidential panels from the late 1960s.

"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."

After April's riots in Los Angeles, Congress enacted and then-President George Bush signed a \$1.3-billion aid package that included small-business loans for Los Angeles and a \$500-million program for creating summer jobs for youths throughout the country, the report noted.

Congress then passed a long-term aid package, which included urban enterprise zones and "weed and seed" initiatives to weed out criminal elements and then seed areas with social renewal programs.

The report questioned the value of both approaches.

"The day after the 1992 election, the President vetoed the bill," the report stated. "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 foundation report said.

The report identified Head Start preschools as an example of the kind of program that merits sharply stepped-up support, citing evaluations that Head Start is "perhaps the most cost-effective, across-the-board inner-city prevention strategy ever developed."

While more than half of those families earning \$35,000 and above send their 3-year-olds to pre-school, the enrollment rate is only 17% for lower-income families, according to the report.

Calling for extending Head Start to all eligible children, the report said that "it is noteworthy, if frustrating, that the Kerner Commission called for 'building on the successes of Head Start' more than 25 years ago." President Clinton has proposed full funding of Head Start.

As an example of the need to scrap programs that don't work, the report cited the current major federal job-training system - the Job Training Partnership Act, launched in the early 1980s. While the program shows "marginally positive" results for disadvantaged adults, high-risk youth, "actually did worse than comparable youth not in the program," evaluations showed.

Job training and placement should focus entirely on "the truly disadvantaged" and be handled mostly through private, nonprofit community development corporations, the report said.

Among its other proposals, the foundation called for:

- Reversing the current federal spending formula so that 70% of anti-drug funds are devoted to prevention and treatment, while law enforcement and interdiction draw only 30%. The Clinton Administration appears to be leaning in that direction.
- Encouraging already established methods of successfully rehabilitating housing through nonprofit organizations but in a way that avoids "the infamous red tape" of the Department of Housing and Urban Development.
- Making public housing work better through resident management of public housing properties. "Where tenants are well organized and exercise real power, conditions improve, based on demonstration programs to date."
- Supporting so-called innovative policing and community-based policing so they are the model for the 100,000 new police officers Clinton has pledged to put on the streets of America.
- Treating handguns, like tobacco, as "a broad-based public health problem," making them the target of a campaign waged by high federal officials, including the surgeon general of the United States.

The report, while estimating that its recommendations would require \$300 billion over 10 years, noted that reducing the federal budget deficit will be a high priority during the 1990s.

But some of the reform could begin as part of the economic stimulus program, the foundation said. In addition, defense spending cuts, higher taxes on the wealthy and the proposed energy tax could be used partly to expand Head Start and reform job training and placement, the report said.

Carrying out all of the proposals "may take in the neighborhood of 15 to 16 years - almost a full inner-city generation," the foundation said.

**The New York Times**  
**March 1, 1993**

The Two Societies

By anthony lewis

"In light of the sorry history of discrimination and its devastating impact on the lives of Negroes, bringing the Negro into the mainstream of American life should be a state interest of the highest order. To fail to do so is to ensure that America will remain forever a divided society."

- Justice Thurgood Marshall in *Regents v. Bakke*, 1978.

Twenty-five years ago today the Kerner Commission, appointed by President Johnson after terrible riots in Detroit and Newark the year before, made its final report. Gov. Otto Kerner and his colleagues warned: "Our Nation is moving toward two societies, one black, one white - separate and unequal."

For the anniversary, the Milton S. Eisenhower Foundation has issued a massive report on what we must do about the miseries of our urban ghettos - the miseries that exploded last year in the Los Angeles riots. It is a valuable report because it refuses to accept what so many Americans have come to believe: that there is nothing to be done about the poverty, decay and crime of our inner cities.

The report, written by the foundation's president, Lynn A. Curtis, concludes that the Kerner Commission's vision of two unequal Americas is "more relevant today than in 1968, and more complex, with the emergence of multiracial disparities and growing income segregation." But it does not see this reality as a reason to give up.

"The fact is," the report says, "that we already know quite a bit about which investments work in the American inner city."

The focus of the report is on helping children and youth avoid the dead ends of ignorance and crime. It argues that a number of community-based programs in different cities have proved successful, and that it is time to apply their methods on a larger scale.

The methods include "sanctuary, extended family, mentoring ... discipline, educational innovation that motivates a youth to obtain a high school degree, job training linked to job placement ..." To spread those ideas the report proposes a national nonprofit Corporation for Youth Investment, funded by both private sources and the Federal Government.

Among many other proposals, one is for a National Community Development Bank. It would encourage a network of development banks like the South Shore Bank in Chicago, which has had much success in stemming urban decay - and has been profitable.

To finance its suggestions, the report calls for a gradual rise in Federal spending to a level of \$15 billion a year in new money for investment in children and youth, and \$15 billion for investment in inner cities themselves. Those levels, it says, should continue for 10 years.

I asked Roger Wilkins, a leading black analyst of urban problems who was sent by President Johnson to help deal with the Detroit riot in 1967, what he thought of the report. He welcomed its insistence that we must act and that we know a good deal about what to do.

"But I don't believe," Mr. Wilkins added, "that any social program in the world can do for a child what a healthy, economically steady family can do. So you have to strengthen families. That means focusing on job creation. You need income for families, earned income. Job training and placement should be centered on the aim of strengthening families."

If we recognize that necessity, we have to confront another contemporary reality: the decline of manufacturing industry in this country with the globalization of production. Strengthening the family in inner cities is dependent in that sense on President Clinton's aim of rebuilding American industry to create jobs.

There is one more aspect of the Eisenhower Foundation report that must be noted. After quoting the famous Kerner conclusion about two societies, the report has very little to say directly about race. That may reflect a political judgement.

Few white Americans want to think about remedial measures for the black heirs of centuries of discrimination. Reagan and Bush political strategy was to arouse racial fears, and then use them as a reason to do nothing. But a divided America, damaging to whites as to blacks, will continue until we face the issue of race.

**The Washington Post  
February 28, 1993**

Little Progress Is Seen On Urban Ills Since 1968

Group Urges \$300 Billion to 'Reconstruct' Cities

By Barbara Vobejda

A quarter century ago this week, after devastating urban riots, a presidentially appointed panel known as the Kerner commission issued an ominous warning: "Our nation is moving toward two societies, one black, one white - separate and unequal."

Today, another report argues that despite some gains, the Kerner commission's warning "is more relevant ... than in 1968." Moreover, the problems of urban American have been further complicated since then by new multiracial disparities and growing income segregation, according to the Milton S. Eisenhower Foundation, which has continued the work of the Kerner commission.

"Yes, there have been some improvements," said Lynn A. Curtis, Eisenhower Foundation president and author of a massive report updating the work of the commission. "But, in spite of that, the downside is considerably worse."

The foundation, which was created with the help of the younger brother of former president Dwight D. Eisenhower, calls for expenditures of \$300 billion over 10

years to invest in children and youth and to "reconstruct" American cities with funding for housing and infrastructure.

The document also recommends scrapping the Job Training Partnership Act and avoiding investment in enterprise zones, arguing that neither have been effective.

Underlying the foundation's policy recommendations is the bleak conclusion that, while some elements of the problem have changed, the basic social and economic disparities that were at the root of urban riots in the past clearly have not been erased.

The same frustration was evident 25 years ago when the Kerner commission, named after its chairman, Illinois Gov. Otto Kerner, issued its report. In that document, scholar Kenneth B. Clark referred to similar investigations of the 1919 riot in Chicago, the Harlem riot of 1935, and the Harlem riot of 1943 and the Watts riot of 1965.

"It is 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," Clark said.

In its report today, the Eisenhower Foundation pointed to the riots in south-central Los Angeles last spring. "We can reflect again on the same moving picture," the report said.

The failure to make progress, the foundation said, can be tied to the "federal disinvestments" of the 1980s, when "the rich got richer and the poor got poorer."

The report cites several statistics to make its case: one in five American children lives in poverty; over the 1980s, average hourly wages fell more than 9 percent; infant mortality rates for children living in some big cities, including Detroit and Washington, were comparable to those in China and the former Soviet Union, and by 1992, one in four African-American males was in prison, on probation or on parole at any one time.

Curtis pointed to some positive developments since the 1960s, including the emergence of a solid black middle class, improved high school graduation rates among blacks and increasing numbers of black and Latino elected officials.

But conditions have worsened among the lower socioeconomic ranks, where there is deeper and more persistent poverty among the residents of isolated, problem-ridden ghettos.

In 1968, the Kerner commission laid out an extensive list of policy recommendations, including improved police-community relations, job creation,

early childhood education, improved vocational education and creation of low-income housing outside ghetto areas.

Many of the proposals set out by the Eisenhower Foundation are similar: full funding for Head Start, a goal shared by the Clinton administration; education reform; job training and placement for inner-city youth; new emphasis on drug prevention and treatment; health care coverage for the working poor and expanded Medicaid; federal funding for housing initiatives through local community development corporations; tenant management of public housing, and stricter gun control laws.

The goal, the foundation said, should be to build on programs that have been proven to work and eliminate those that do not.

Overall, the foundation said, the initiatives would require \$150 billion in investment for children and youth and another \$150 billion for housing, infrastructure and investment in technology to rebuild cities.

The report said that level of funding, to be spent over 10 years, could be largely financed by savings in military spending, reductions in funding for the Agency for International Development, taxes on the very rich and a gasoline tax offset by credits for low-income groups.

Curtis argued that the funding also could be phased in, with some early improvements made simply by reorganizing. He cited as an example restructuring the Job Training Partnership Act so it is more focused on training disadvantaged youth.

Margaret Weir, a senior fellow at the Brookings Institution, said that some of these recommendations, including job creation and training, also are contained in President Clinton's economic stimulus package and may find public backing.

But for some of the other recommendations, particularly those targeted specifically at poor people, "it would be tough to get support," she said.

**The Washington Post**  
**March 7, 1993**

A Lot Done, A Lot to Do

Twenty-five years ago this month, the Kerner Commission, which studied the causes of the '60s racial explosions in American big cities, concluded that the United States was becoming two societies, one black, one white, separate and unequal. The report's anniversary has occasioned much commentary on a central question: Is the country better off now?

Many come close to saying no. A commemorative report issued by the Milton S. Eisenhower Foundation, for example, declared that Kerner's conclusions are "more relevant today than in 1968, and more complex, with the emergence of multi-racial disparities and growing income segregation." The new report is surely right about complexity, and it contains some useful policy suggestions. But it's a large mistake to let the negative obscure the achievements made possible by the civil rights movement and by the individual struggles of millions of African Americans.

There is no denying that the legacy of racism, slavery and segregation still haunts America - often in unexpected ways. While the last quarter-century has seen growth in the black middle class and the expansion of black entrepreneurship, many studies show that blacks hold far less wealth than whites do. This is clearly the product of past discrimination - wealth is accumulated over generations - and it makes black progress precarious.

And on some matters, the country has clearly moved in the wrong direction since 1968. The inner-city poor are, if anything, more isolated, more trapped by poverty, more threatened by violence. The misery faced by a large percentage of the nation's black children is a cause for national alarm and shame.

Their fate, however, often calls forth little more than sloganeering. Conservatives blame social breakdown in the cities on "the failure of liberal Democratic programs," liberals berate "12 years of conservative Republican indifference." There were liberal failures, and there surely was conservative indifference. But one would like to think that in 25 years, we had learned more than that. Racism plays a role here; so, too, do changes in the urban labor market that often work against the inner-city poor, and so does the much-discussed rise of the single-parent family. If we want to overcome, we have to understand that economic and social forces are now larger obstacles to progress than personal bigotry.

And failure is by no means the whole story of the last quarter-century. Anyone who was forced to live under the oppression of segregation and the exclusion of discrimination knows that in most ways, ours is a more racially open society today than it has been at any point in our history. The end of Jim Crow was no trifling matter. For friends of civil rights, there is a grave danger in saying that nothing good has happened since the '60s. To say this is to say that the huge accomplishments represented by the civil rights and voting rights laws had no effect on our society. It is to deny the power of the achievement ethic among African Americans. It is to play into the hands of the enemies of civil rights.

It is also a mistake to see all our social problems in racial terms. It is true that blacks as a group are substantially less well off than whites. But the fact remains that most blacks are not poor, and most poor people are not black.



The point here is that many of the most promising solutions to the problems of poverty have nothing to do with race. President Clinton, while rightly calling for full and vigorous enforcement of civil right laws, has also proposed large spending increases for programs for pregnant mothers, infants and child immunizations. He has also called for a big increase in the earned income tax credit, which lifts the incomes of the working poor.

Because a disproportionate number of African Americans find themselves trapped in poverty, these programs will be of particular benefit to them. But they will be helped alongside whites, Hispanics, Asians, Native Americans and all others who are poor. This is more than smart politics; it is a real step toward justice.

**The Wall Street Journal**  
**March 1, 1993**

Racial, Economic Disparities Require Higher U.S. Outlays, Study Group Says

BY laurie mcginley

WASHINGTON - The Kerner Commission's famous 25-year-old warning that American society was moving toward "two societies, one black, one white - separate and unequal" has become a reality, a private foundation says.

The organization, the Milton S. Eisenhower Foundation, calls for a 10-year program to increase spending for children and families and associated needs such as housing by \$30 billion annually.

A nonprofit group founded in 1981 by several members and aids to the Kerner Commission and two other 1960s-era presidential panels, the foundation said the earlier prophecy is "more relevant today than in 1968, and more complex, with the emergence of multiracial disparities and growing income segregation."

The Foundation's president, Lynn Curtis, acknowledged there have been improvements in recent decades for minorities and disadvantaged Americans - including the emergence of a large, black middle class and the increased proportion of minority teenagers graduating from high school. "But the downside clearly outweighs the upside," he said, pointing to the substantial rise in children in poverty and sharp cutbacks in government housing aid.

The Kerner Commission, officially known as the National Advisory Commission on Civil Disorders, issued its warning in a report presented to President Lyndon Johnson on March 1, 1968. Its head, former Illinois Gov. Otto Kerner, was appointed by President Johnson in July 1967 in the wake of the 1965 Watts riots in Los Angeles and severe rioting in the summer of 1967, especially in Detroit and Newark.

The increased spending advocated by the Eisenhower Foundation would dwarf the Clinton administration's planned effort. The administration has proposed increasing all domestic discretionary spending by \$68 billion over the next four years. Mr. Curtis said he nevertheless welcomes the administration proposals.

In its report, the Eisenhower Foundation touted a raft of government and private programs - including the Head Start preschool education program for disadvantaged children, and Job Corps, a federal job training and placement system focused on the highest-risk youth. The Clinton administration plans spending increases for both.

The Foundation also proposes creation of a nonprofit Corporation for Youth Investment, to be backed with federal and private funds, to replicate across the country successful programs by community nonprofit organizations.

Robert Rector, senior policy analyst for the conservative Heritage Foundation, sharply disagree with the call for more spending. He argued that government social-welfare spending has only exacerbated urban problems, not eased them. He questioned the usefulness of Head Start and the Job Corps, adding "We shouldn't be pouring more money into programs long ago shown to be ineffective," he said.

Instead, he said, the government should focus on increasing work effort and marriage rates in the inner city; taking tougher steps to keep repeat criminals off the streets; changing the public school system by offering vouchers for children to go to private and parochial schools and enlisting help from black churches to rebuild moral character.

While he doubtless would disagree with most of Mr. Rector's points, the Rev. Jesse Jackson also is stressing the importance of improved behavior by people - especially young people - who are living in poverty. "There must be more focus on the behavior of people," he told reporters recently.

**The Miami Herald**  
**March 3, 1993**

Escape for the cities

The ills facing America's inner cities have an intricate history of racial discrimination and social imbalance. Remedying them therefore requires long-term vision and leadership.

So concludes the Milton S. Eisenhower Foundation after closely examining the federal aid that actually made it to postriot South Central Los Angeles. Washington was prodigal in good intentions, the foundation says, but lacking in political will and foresight to apply durable solutions.

Twenty-five years ago the country suffered the worst riots in its history when racial disorders in Newark and Detroit spread to other communities. The Kerner Commission, investigating those events, concluded that their root was that our nation was "moving toward two societies, one black, one white - separate and unequal." That conclusion, the foundation's report says, is even more relevant today.

The destitution of inner cities lingers on, the report suggests, largely because government typically reacts to crises instead of preventing them. That's what happened in South Central LA. While national attention remained focused on violence there, the White House and Congress hastily approved a short-term, \$1.8 billion aid package. But once national interest shifted, they failed to agree on a more ambitious program. Giving priority to their constituents' particular interests, some congressmen snarled the aid package with tax hikes that collided with President Bush's "no new taxes" pledge. The plan died in a presidential veto the day after the election.

The report offers some commonsense solutions to inner city problems. Thus it recommends reorganizing ineffective programs such as the federal anti-drug campaign. Currently, 70 percent of its \$12 billion budget goes to interdiction, while only 30 percent goes to prevention and treatment. How about changing priorities? The Foundation further recommends strengthening successful job-training and placement, welfare, and health care programs.

The report's overall lesson couldn't be more evident: Seek inner city solutions based on existing needs, not fleeting political demands after a crisis. More important, don't let workable solutions remain hostage to Washington's gridlock.

**Star Tribune**  
**March 15, 1993**

Déjà vu on urban riots and reports

On the 25th anniversary of the Kerner Commission's famous prophecy that America was "moving toward two societies, one black, one white - separate and unequal," a new, massive report concludes that the vision of two unequal Americas is more relevant today than in 1968."

Yet the future is not without hope. The 300-page missive, by the Milton S. Eisenhower Foundation, is a road map to a better America that should be required reading for every public-policy thinker and elected official in the state. Better yet, "Investing in Children and Youth, Reconstructing Our Cities" should be shared in churches and schools - as well as by the nearly two dozen men and women seeking the office of mayor in Minneapolis and St. Paul.

The report rejects urban enterprise zones; economics that make the rich richer and the poor and middle-class poorer; the federal Job Training Partnership Act; and the "War on Drugs" with its attendant prison-building, which the foundation terms "our national housing policy for minorities and the poor." It persuasively argues for community-based strategies that are already working in urban America.

The Washington-based Foundation proposes a nonprofit Corporation for Youth Investment, to be funded by both private sources and the federal government, and a National Community Development Bank, to be modeled after Chicago's South Shore Bank, which has had much success in stemming urban decay. It wisely suggests shifting the \$12 billion anti-drug budget's emphasis from interdiction to prevention and education.

Financing means a gradual rise in federal spending to \$30 billion a year for 10 years. The report challenges Americans to fund programs on a "scale equal to the dimension of the problems," which the Kerner Commission long ago emphasized.

If America can find hundreds of billions of dollars to bail out the savings and loan industry, it should be able to find the money for a long-term strategy of youth investment and community reconstruction. First, Americans must come to believe in the investment's potential for return.

What has been missing is a commitment to change. If the nation's inequities are to be corrected before the Kerner Commission's golden anniversary, Americans must collectively open the way to renewal through a deeper sense of personal and national responsibility.

**Seattle Post-Intelligencer**  
**March 4, 1993**

**Inner-city challenge**

Twenty five years ago this week the Kerner Commission first warned, after urban riots, that this nation was becoming two societies, "one black, one white - separate and unequal."

On the 25th anniversary of the commissioner's disturbing report, the Milton S. Eisenhower Foundation has concluded that little has been learned in the last quarter century about how to prevent the festering social conditions that lead to hopelessness and angry riots.

The Foundation's report says the reaction by Congress and the White House to last year's Los Angeles riots was the wrong one because the remedies proposed won't work.

The foundation instead proposes some approaches that seem more promising: o Focus on drug treatment and prevention rather than interdiction.

o Reorganize the Job Training Partnership Act to focus more on unemployed inner-city youths.

o Turn responsibility for building low-income housing over to nonprofit organizations rather than profit-seeking developers.

o For the next decade, spend \$15 billion more a year on programs for inner-city youths and another \$15 billion on inner-city infrastructure.

The sickness in America's inner cities continues. It calls for radical intervention and a sustained, imaginative effort at healing.

**The Palm Beach Post**  
**March 6, 1993**

An action plan for everybody

By stebbins jefferson

America cities explode with predictable regularity. A 1919 riot in Chicago, 1935 and 1943 riots in Harlem, 1965 rioting in Watts, 1967 racial explosions in Newark, NJ, Detroit and other cities. America's traditional response has been to confront the problem of race riots and ethnic unrest with a study, generate a report - and file it. With each incidence of convulsive mass violence, more and more of the permanently employed, the affluent and the powerful seek sanctuary in the suburbs. Yet the problems of the inner cities, where 10 percent of the population lives in concentrated long-range poverty, stretch like tentacles to touch all Americans wherever they live, undermining social order, depleting resources and creating a counterculture alienated from core American values.

After nationwide rioting in 1967, President Lyndon Johnson appointed a National Advisory Commission on Civil Disorders chaired by Illinois Gov. Otto Kerner. The Kerner Report was published March 1, 1968. Its foremost conclusion: "Our nation is moving toward two societies, one black, one white - separate and unequal." The commission's recommendation was to "mount programs on a scale equal to the dimensions of the problems." That advice has been ignored.

Last week, on the 25th anniversary of the Kerner Report, the Milton S. Eisenhower Foundation released a plan: "Investing in Children and Youth, Reconstructing Our Cities." This report not only confirms the prophecy of the Kerner Commission but also indicates that the underlying causes and circumstances are even more complex with the emergence of multiracial disparities.

The value of the Eisenhower Foundation report is that it identifies programs and policies that should be adopted for the rest of the 20th century. The commission invites the involvement of all who care and understand that America can self-destruct if the problems of our cities are not solved.

The foremost advice is that to save disadvantaged youths we adopt a "multiple-solutions" approach. That formula includes varied combinations of mentoring, discipline, educational innovation, job training, social, community and economic development. The commission's report addresses all facets of inner-city problems. During the past 12 years, housing for the poor was cut by 80 percent while the number of jail cells doubled, making jails and prisons the public housing programs of the day. The war on drugs has been a \$12 billion-plus annual program in which 70 percent was spent on law enforcement and 30 percent on prevention and treatment. Such formulas must be altered to bring solution, not merely containment, of problems.

Education, job training, welfare, health care and even government itself must be reinvented to eliminate bureaucracies that consume money but which prevent timely, innovative response to the needs of people. This report tells why and how, proposing specific, practical solutions and citing models that can be adapted to local needs. Dr. Lynn Curtis, president of the foundation, correctly calls the report "old-fashioned American common sense."

Perhaps the greatest value of the report is its insistence that leadership come from the bottom and the top of the social order, for there is work for all to do. Quick-fix solutions of the past have brought us to the brink of total chaos. Only long-term commitment to reconstruct our cities can restore order.

The cities that were once our greatest strength are becoming our greatest weakness. We can reverse that trend by investing in people who live there. If that advice sounds familiar, it is because we have always known what to do. We have not chosen to do it.

**The Atlanta Journal  
February 28, 1993**

U.S. still refuses to spend enough to heal inner cities, report says

Despite a history of urban riots, the United States has never learned how to invest in inner cities and stop the violent cycle, a new study says.

Last spring's riots in Los Angeles underscored the lack of a serious federal effort to erase the same type of racial and economic discrimination blamed for riots as far back as 1919, said the report. It was released Saturday by the private Milton S. Eisenhower Foundation to coincide with the 25 anniversary of the Kerner Commission report.

In 1968, the Kerner Commission concluded that the United States was "moving toward two societies, one black, one white - separate and unequal."

"We can reflect, again, on the same moving picture - now the April 1992 riots in south-central Los Angeles," the new report said. "Congress and the White House misunderstood the problem. They then constructed a solution that flew in the face of what really did work."

After the Los Angeles riots, Congress passed a \$1.3 billion package including small business loans and \$500 million for summer jobs. A longer-term plan, focusing on urban enterprise zones and drug enforcement efforts, was vetoed by President George Bush. Lynn Curtis, author of the new report, said the government should focus on high-tech job training, affordable housing and community development banks that can finance inner-city projects.

Federal efforts have been insufficient and too rigid, and didn't allow for "local, neighborhood-based, one-stop shopping for coordinated services," the report said. The study also argued:

Focusing on drug treatment and prevention, rather than interdiction.

- o Revising the Job Training Partnership Act, aiming it more toward the needs of unemployed inner-city youth.

- o Turning responsibility for building low-income housing over to non-profit organizations, rather than for-profit developers.

- o Investing \$15 billion more a year in programs for inner-city youth, and an extra \$15 billion in inner-city infrastructure for 10 years.

The Kerner panel, officially the National Advisory Commission on Civil Disorders, was convened by President Lyndon B. Johnson to find out what caused riots in the late 1960s.

**National Journal**  
**March 6, 1993**

Building Two-Way Streets In The Cities

There's a slim chance that déjà vu - to stand Yogi Berra's line on its head - won't happen all over again in the nation's inner cities. If the Clinton Administration and its allies get their way, the cycle of urban violence, public remorse and private recrimination over federal inaction that has been repeated again and again for most of this century may finally be broken.

To mark the 25th anniversary of the March 1, 1968, report of the National Advisory Commission on Civil Disorders, the Milton S. Eisenhower Foundation has issued a study that excoriates the federal government for its lack of response to last April's riots in Los Angeles. The foundation, which was set up to carry on the work of the Kerner Commission, calls for a "pragmatic" \$30 billion federal investment "that begins by reinventing government for the truly disadvantaged," in the words of Lynn A. Curtis, its president, who also wrote the 1968 report.

Such a demand for a huge infusion of federal aid to help the inner-city poor certainly isn't new; in fact, it's a predictable part of the old cycle. But some things are different, and they hold out a small promise for change.

The Eisenhower Foundation report lists dozens of programs that have made a big difference to children, youth and poor neighborhoods in the most distressed cities around the nation. These programs are, for the most part, local initiatives that have been designed to meet a community's distinctive needs. Most of them are operated by private, nonprofit organizations. They get their money from a variety of sources, including the federal government. But they are not federal programs.

Herein lies an irony. The biggest critics of the Reagan-Bush era do not suggest a return to either the New Deal or the Great Society approach of massive federal programs. Indeed, they advocate the kind of grass-roots, public-private ventures that were pioneered during the Reagan and Bush Administrations. They seek from the Clinton Administration what they didn't get from either Reagan or Bush: cooperation, friendliness ("partnership" is a key word these days) and an end to hostilities, along with a little money.

Which brings up the mayors and country officials and the dramatic reversal in the attitude of the local government groups toward the White House. The U.S. Conference of Mayors, the National League of Cities and the National Association of Counties are all enthusiastically - jubilantly, even - supporting President Clinton's economic plan even though cities and counties would have to sustain some cuts in federal aid.

The mayors and other local officials are responding, in part, to the recognition that the federal budget deficit needs to be reduced. But that doesn't account for the new spring in their steps or ring in their soundbites as they troop into Washington for their annual winter meetings to lobby Congress and the President. For the first time in at least 12 years, these local officials feel that they are in friendly territory, that their needs are understood and their situations appreciated by those in control. Indeed, the few grumbles that can be heard are about federal mandates, not money.

Clinton's economic plan and support for such direct federal programs as Head Start, of course, enter into the calculations of both the local officials and nonprofit activist organizations.



The Eisenhower Foundation report describes how, in the wake of the riots in the 1960s, the federal government ignored the plight of inner-city neighborhoods and forced communities to set up their own programs. During that period, neighborhood youth programs sprang up around the country - the Argus Community in the Bronx, the House of Umoja in Philadelphia and the Dorchester Youth Collaborative in Boston, for example - to offer young people in the nation's ghettos safe havens in which to play sports, avoid drugs and most important, talk to adults who cared about them.

Similarly, the local government groups complain about federal disinvestment in the cities during the Reagan and Bush Administrations, which forced community development corporations and other local nonprofits to take up the slack.

But perhaps these critics of Reagan and Bush should, instead, thank them for providing an environment in which real innovation could take place. The innovations have worked, if only on a small scale. That's why the Eisenhower Foundation and officials of local governments want federal aid to enlarge and spread these kinds of programs to other neighborhoods and other cities. They don't want the federal government to run the programs - or even pick up the entire tab.

The difference between the Reagan-Bush approach to cities and what local officials say they believe will be the Clinton tack is profound.

Consider two federal housing programs: HOPE and HOME. HOPE, the pride and joy of Jack F. Kemp, the Housing and Urban Development (HUD) Secretary in the Bush Administration, was the plan to sell off public housing to tenants. It was an example of Kemp's total faith in free markets and complete hostility to government projects. It didn't work.

HOME, which Congress adopted over Kemp's opposition, is a block grant program that's designed to foster public-private cooperation in the rehabilitation of housing and of neighborhoods. Deals put together by cities, community development corporations and local banks and businesses are central to its operation. Nearly everyone who's worked with local housing programs says that HOME is just what the doctor ordered. But the program has been hobbled by some onerous regulations, and HUD Secretary Henry G. Cisneros says that he is working on streamlining the rules. The mayors have given Clinton a real honeymoon. The Eisenhower Foundation is a lot more skeptical, although Curtis allowed that "the Clinton Administration has the vision needed to implement what works."

The mayors have given Clinton a real honeymoon. The Eisenhower Foundation is a lot more skeptical, although Curtis allowed that "the Clinton Administration has the vision needed to implement what works."

Now comes the hard part for both sides. Clinton has to get his economic plan through Congress more or less intact. Then, the mayors and the nonprofit groups have to live up to their side of the bargain and actually get the programs out on the street.

**The Chronicle of Philanthropy**  
**March 9, 1993**

**Report Urges Foundations, Government to Finance Proven Anti-Poverty Models**

by elizabeth greene and jennifer moore

Foundations and government agencies should stop supporting piecemeal projects to ameliorate urban poverty, a new report says.

The report also says grant makers need to step up their efforts to finance proven anti-poverty efforts.

The report, which focused on improving the lives of young people and revitalizing poor neighborhoods, urged the federal government to increase spending to expand effective programs, many of them developed by non-profits. It called for the creation of a new non-profit organization, the Corporation for Youth Investment, that would coordinate the distribution of over \$500-million in government and private money over five years to community-based organizations and put an end to spending on ineffective programs.

The 350-page report was published by the Milton S. Eisenhower Foundation to mark the 25th anniversary of the report issued by the National Advisory Commission on Civil Disorders, known as the Kerner Commission for its chairman, Otto Kerner, then governor of Illinois. The commission was appointed by President Lydon B. Johnson in 1967 to recommend ways to improve urban conditions following riots in Newark, Detroit, and other cities. The Kerner report warned that America was "moving toward two societies, one black, one white - separate and unequal."

**'Growing Income Segregation'**

The Eisenhower Foundation report found the Kerner conclusions to be "more relevant today than in 1968, and more complex, with the emergence of multiracial disparities and growing income segregation." The foundation was created in 1981 to further the work of three bipartisan Presidential commissions on crime and violence, including the Kerner group, that were created in the late 1960's. It gets its name from President Dwight D. Eisenhower's youngest brother, who chaired one of those commissions.

"The tack the report takes is to say, Look, let's simply identify what works and do more of it, expand it on a national scale to everyone who is eligible to receive it, and toss out what doesn't," said Lynn A. Curtis, president of the foundation.

The report recommended increasing federal spending by \$30 billion a year for 10 years to pay for new or expanded programs that help young people and provide low-cost housing and community-development aid to poor neighborhoods. It suggested taking money from programs it found ineffective, such as the Job Training Partnership Act, to help cover some of the costs.

"If we acknowledge that it will take a long time to get to those levels in the current economic climate, then we are talking about at least one generation of inner-city children and youth," said Mr. Curtis. "But if we could turn things around in just one generation, we'd really be cooking."

Among the report's recommendations:

- o Calling of a national summit, potentially titled "Children, Youth and the Inner City: Replicating What Works," that would bring together key figures from charities, foundations, and government. The conference could precede the convening of a federal commission, to be overseen by the White House, that would develop a plan within six months to restructure government efforts involving young people and inner cities.
- o Creation of a new federal program that would channel more money from the Department of Housing and Urban Development to local community-development corporations. The report recommended that national non-profit organizations should act as intermediaries, deciding how the money should be distributed.
- o Development of more sophisticated evaluations of charity and government programs of charity and government programs to determine what impact they are having on poor children and on the community at large. More comparisons need to be made between people served by the programs and people who are not, the foundation said. However, it cautioned that programs need to be given time to work: It said most efforts take at least five years to show results.
- o Greater reliance on public-service advertisements, particularly televised appeals, to educate the public about effective programs. Those messages should be narrated by popular figures and should explain what makes the organizations work. "Successful programs must become household images," the report said. In particular, foundations should encourage more spots by producers who are members of minority groups and who may have more streetwise approaches than "more establishment and powerful agents of influence."

o Increased foundation support for advocacy groups, like the Children's Defense Fund and Common Cause, that serve as watchdogs to the federal government, educate policy makers, and push for reform.

For information on how to order copies of the report, "Investing in Children and Youth, Reconstructing Our Cities: Doing What Works to Reverse the Betrayal of American Democracy," contact the Milton S. Eisenhower Foundation, 1660 L Street, NW, Suite 200, Washington 20036; (202) 429-0440.

**The Independent**  
**March 1, 1993**

America's black-white divide 'has got worse'

By david usborne

A quarter of a century after a report commissioned by President Lyndon Johnson detailed the extent of lingering racial segregation in American society, a follow-up study released yesterday argues that for the most part the divisions identified then either apply today or have actually worsened.

Known as the Kerner Commission, the panel appointed to investigate black-white disparities after the Watts riot of 1965 concluded in 1968 that America was "moving toward two societies, one black, one white - separate and unequal." According to the new report, that warning has become not less but "more relevant."

The new study, compiled specifically as a sequel to the Kerner work, has been published by the Eisenhower Foundation, a body set up by the former president's younger brother. Its findings, which coincide with the start of a second trial of four the white policemen in the Rodney King case, will come as a fresh jolt to America's troubled conscience.

It will also provide added impetus for the Clinton administration to detail its own plans to address the problems. President Bill Clinton's plans are not so much aimed at blacks themselves but at the decaying urban centers, where a large proportion of blacks live.

Though the report's conclusions - advocating a sharp increase in expenditure on urban renewal and youth education - coincide fairly substantially with President Clinton's own plans for city centers, in some respects they depart from the White House view. In particular, it argues against the creation of special "enterprise zones" in urban centres, where investment is encouraged by tax incentives, arguing they have been ineffective, Mr Clinton has just promised to spend heavily on extending enterprise zones.

Not everyone will necessarily accept the overwhelmingly bleak tone of the new report's conclusions. Those with a more optimistic view, point to the progress made, for instance, in integrating police forces and schools since 1968 and to the emergence of a strong black middle class.

"Yes, there have been some improvements," concedes Lynn Curtis, the president of the Eisenhower Foundation. "But, in spite of that, the downside is considerably worse." Altogether, the foundation calls for an enormous spending programme of \$300bn (£2.2bn) over 10 years to address the problems.

The report candidly places some of the blame for the continuing racial tensions and disparities on the two former Republican presidents and their policies during the 1980s, Ronald Reagan and George Bush. It was a period, the study says, of "federal disinvestments" in inner cities, when "the rich got richer and the poor got poorer."

While accepting that a body of fairly well-off blacks has emerged in all American cities, the report's authors emphasize that the situation among the majority who remain disadvantaged has, by contrast, worsened. The social tensions fed by this are further exacerbated by new factors not present 25 years ago, such as the arrival of new racial groups, notably the Hispanics, suffering similar disparities and frustrations.

Many of the bald statistics in the report are certain to prompt renewed alarm. Since 1968, the report says, life expectancy among blacks has declined, while broad measures of infant mortality, unemployment and poverty have all risen. Child death rates in cities such as Detroit and Washington DC in the 1980s were equivalent to those in China and the Soviet Union, it suggests.

Scrutiny of the economic conditions of the black community, as compared to whites, reveals that unemployment is twice as high and the poverty rates three times as great. Black male earnings are less than three quarters those of their white equivalents and the median income of black families is 57 percent of white families.

**Jet**  
**May 31, 1993**

25 Year Later: Is White Racism Still Dividing America Into Black and White Races - Separate And Unequal?

Twenty-five years after President Lyndon B. Johnson's Kerner Commission issued a report saying that America was being ripped apart by White racism, only little has changed, says the recent Milton S. Eisenhower Foundation report that commemorates the Kerner Report.

In riot-torn cities like Detroit, Los Angeles, New York, Philadelphia and Chicago, homeless people peddle newspapers, huddle in overcrowded shelters or beg for money or meals on busy streets. Tired, old Black women wearily wait for buses in Chicago that take them to the suburbs where they are being rapidly replaced by illegal immigrants or ethnic minorities who work for less money. Some Black youths who dare to dream of "having a good day" are robbed of expensive designer basketball shoes and jackets by bullies brandishing guns. Some Black youths who dare not dream of designer clothes and fancy ears still stand in long lines seeking employment.

In many respects, life in the inner cities is virtually the same as painted in 1968 when Illinois Gov. Otto Kerner, chairman of the 11-member interracial National Advisory Commission in Civil Disorders, released the long-awaited riot report to President Johnson. The commission revealed that America is divided into two societies - one Black, one White - both separate and unequal.

The report's conclusion was grim: "...certain fundamental matters are clear. Of these, the most fundamental is the racial attitude and behavior of White Americans toward Black Americans. Race prejudice has shaped our history decisively; it now threatens to affect our future. White racism is essentially responsible for the explosive mixture which has been accumulating in our cities since the end of World War II."

Two weeks after publication of the report which cost \$1 million to find out why riots and rebellions exploded in 40 cities in the late '60s, President Johnson commented on the report in an exclusive taped interview (Jet, March 23, 1968). Johnson said of the Kerner Report:

"I think it's the most important report that has been made to me since I've been President. I think that the most important thing in the report is the conclusion that it reaches about the cause of our problems in the country evolving primarily from White racism."

In its current 350-page report to observe the 25th anniversary of the Kerner Report, The Milton S. Eisenhower Foundation concludes: "Overall, in spite of some gains since the 1980's, but especially because of federal disinvestment of the 1980's, 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 national Foundation asks that the nation invest in its children, youth and urban infrastructure at a level that catches up with countries like France, Germany and Japan.

"We just propose old-fashioned American common sense," suggests Dr. Lynn A. Curtis, president of the Foundation and principal author of the report. "Based on scientific evaluations since the Kerner Commission, we need to replicate what works and toss out what doesn't." "We just propose old-fashioned American common sense," suggests Dr. Lynn A. Curtis, president of the Foundation and principal author of the report. "Based on scientific evaluations since the Kerner Commission, we need to replicate what works and toss out what doesn't."

The Eisenhower Foundation, created by members and staff of the Kerner Commission and two other presidential commissions from the late 1960s, includes Yale Professor James Comer, creator of the successful inner-city Comer School Development Plan.

The Comer plan and many community-based strategies that are already working in inner cities across the nation are highlighted in the Foundation's report.

The urgency for leadership is stressed in the Foundation Report. "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," the Report notes. "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," the Report added, referring to President Clinton.

Foundation President Curtis is especially concerned about reorganizing the failed federal job training program to function more like Job Corps. "And it means housing built by non-profit inner-city groups, not for-profit developers," he added.

"The truly disadvantaged also should have a real stake in the President's economic strategy, with employment opportunities in public works projects and in emerging high-tech industries," Curtis suggested, pointing out a program in France that trains jobless North African youth in computer repair.

As the economy begins to recover and the debt reduction proceeds, the report asks that "the federal government build to a level of \$15 billion more per year to invest in children and youth who are disadvantaged and \$15 billion more per year to invest in reconstruction of the inner city. This level is the 'scale equal to the dimension of the problem,' to recall the Kerner Commission's recommendation, and should be sustained for at least 10 years, according to the plan."

The Eisenhower Foundation is also aware of the gridlock in passing legislation to support Clinton's economic plan. "A national summit on Replicating What Works for Children, Youth and the Inner City is needed," Curtis said, "just as the Clinton administration successfully set the tone for its economic policy with the economic summit last December."

With the Kerner Report's grim conclusion that "our nation is moving toward two societies, one Black, one White - separate and unequal - The Eisenhower Foundation devotes considerable attention to the current status of Blacks. It notes qualifications and countercurrents abound.

"For example," the Report says, "It is true that, in households headed by a married couple, median income for African Americans has gone from 68 percent of Whites in 1968 to 84 percent in 1990. But, reflecting the breakdown of the family in the inner city, for all African-American households, the median family income was 59 percent of Whites in 1966 and 56 percent in 1989.

In 1960, twenty percent of all African-American children were living in fatherless families. Today, the figure is an astounding 60 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"

Elaborating further upon the status of Blacks, Prof. Andrew Hacker puts another coat of paint on the grim and complicated picture of racial interaction. In his recent book, *Two Nations, Black and White Separate, Hostile And Unequal*, Professor Hacker says White superiority still haunts America. He concludes:

"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."

The Foundation Reports notes that New Jersey Senator Bill Bradley, 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."

The general reaction of Blacks to the Eisenhower Foundation Report 25 years after the Kerner Commission Report is, perhaps, best summarized by Dr. Kenneth B. Clark, renowned psychologist who was invited to appear before the 1968 Kerner Commission.

Referring to reports of earlier riot commissions, Dr. Clark said: "I read the 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 McCone Commission on the Watts riot. I must again in candor say to any 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."



**Sunday Tribune - Democrat**  
**March 22, 1998**

Philadelphia officials fight losing battle

City improves but still has many long-term problems

by blaine harden

The mayor who resuscitated this city fears his patient may yet be dying. So does his former chief of staff, who assisted the mayor in countless episodes of city-saving surgery. And so does a writer who shadowed them both for four years, taking notes as Philadelphia edged back from a near-death swoon.

"No matter what we did to cure the bullet wound, this doctor didn't have anywhere near the resources to cure the cancer," says Mayor Edward G. Rendell.

"It is almost criminally misleading to look at the success of center city Philadelphia and say cities are back," says David Cohen, Rendell's former chief of staff. "Nothing could be farther from the truth."

Buzz Bissinger, author of "A Prayer for the City," a fly-on-the-wall narrative of Rendell's attempts to heal a sick city, has a similar verdict: "For all that the mayor has done, he has done so little." Buzz Bissinger, author of "A Prayer for the City," a fly-on-the-wall narrative of Rendell's attempts to heal a sick city, has a similar verdict: "For all that the mayor has done, he has done so little."

This chorus of gloom comes from three extraordinarily well-placed urban insiders at a time when long-troubled American cities like Philadelphia are suddenly seeming to flower, sprouting budget surpluses and seducing the middle class back downtown with safer streets, fancier restaurants and more dazzling centers for sports, conventions and the arts.

It is precisely the good news that has the unlikely trio of Rendell, Cohen and Bissinger so riled up. Their frustration is rooted in a shared conviction that the recovery of American cities is more wishful than real, more skin-deep than systemic.

The much-publicized renaissance of New York City is especially misleading, they say, because Philadelphia and second-tier cities like it can never hope to plug into a money machine like Wall Street. The signs of recovery in Washington also teach the wrong lessons, they say, because of the federal government's power to change the city's fortunes.

The trio argues that federal and state leaders are rushing to assume the best about the future of depopulated cities such as Philadelphia and Detroit, Baltimore and

Newark because starry-eyed assumptions are cheap, easy and go down nicely with tax-averse suburbanites.

"This is not a happy thing for a mayor to say, but I think the fundamental problems of the city are being papered over and that we look a whole lot better than we really are," says Rendell, a Democrat halfway through his second and final term. "The new breed of mayors is being patted on the back by the media, the Republicans and the Clinton administration. What's dangerous is the belief out there that we have got it licked."

Rendell's view was strongly supported this month in a report on America's cities from the Milton S. Eisenhower Foundation, a group founded to continue the work of the Kerner Commission that examined the causes of the urban riots of the 1960s.

The report said that even as the economy booms in 1990s, "for the first time in the Twentieth Century most adults in many inner-city neighborhoods are not working in a typical week." It said that more than two-thirds of students in poor urban schools fail to reach "basic" achievement levels. Child poverty, racial segregation and incarceration have all risen in inner cities, the report said.

The irony is that Philadelphia, like a number of big cities in the late 1990s, has rarely looked better.

In large measure because of Rendell and Cohen, much of the hemorrhaging that had brought America's fifth-largest city to the brink of bankruptcy in the early 1990s has been stanching. The budget is no longer a farce because Rendell took on the municipal unions and backed them down. The disappearance of 10,000-plus jobs a year to the suburbs, a seemingly unstoppable drain in the early 1990s, has halted, as a modest 3,000 new jobs came into the city last year.

The downtown has become a showcase, with a new convention and sports arena and with rental occupancy soaring to 98 percent. Public housing has been overhauled and is actually helping to raise property values in pockets of the city.

**Richmond Free Press**  
**March 19, 1998**

Kerner revisited

In 1967, the U.S. Commission on Civil disorders issued an important report.

Responding to human rebellions that exploded across the nation, President Lyndon B. Johnson appointed the commission to determine the causes of the racial violence and to recommend solutions. The commission was informally called the Kerner Commission for its chairman, Gov. Otto Kerner of Illinois.

After hard work and much research and study, the Kerner Commission's fundamental conclusion was: "Our nation is moving toward two societies, one black, one white - separate and unequal." The Kerner report blamed white racism for this dangerous situation.

Now, 30 years later, the Milton S. Eisenhower Foundation has revisited the report and what its research found is anything but encouraging.

"The Kerner Commission's prophecy has come to pass," the Eisenhower Foundation reports. "The private market has failed the inner city. The prison system is a symbol of discrimination. A class and racial breach is widening again as we begin the new millennium."

"The rich are getting richer, the poor are getting poorer and minorities are suffering disproportionately," warns the report in giving its dismaying but undeniable conclusion.

Specifically, according to the Eisenhower report, the top one percent of Americans have more wealth than the bottom 90 percent. Among the world's industrialized nations, that make the U.S. No. 1 in wealth inequality - a truly devastating condition and a most damaging indictment of capitalism. Similarly, with 1.5 million people in prison, the U.S. imprisons more than any nation in the world, with one in every three African-American men in prison, on parole or on probation.

It is further indicting that the suggested solutions now are so similar to those recommended - but ignored or not sufficiently implemented - three decades ago.

Like the Kerner report, the Eisenhower report recommends full funding of Head Start, after-school youth centers, urban school reform, school-to-work programs, job-training, inner-city economic development and crime and drug prevention.

Racism and economic exploitation set off the violence in the 70s. Too little has changed.

**Tampa Tribune**  
**March 7, 1998**

Race report is stuck in the past

Following the race riots of the 1960s, President Johnson authorized the Kerner Commission report, which was released 30 years ago. The most famous line from the 600-page document was this: "Our nation is moving toward two societies, one black, one white - separate and unequal."

On the anniversary of that report, a private urban policy group, the Milton S. Eisenhower Foundation, has released a new study on the same subject. "The Millennium Breach" concludes that the racial divide has not only materialized, it is actually getting wider.

"The rich are getting richer, the poor are getting poor, the minorities are suffering disproportionately," says the report. It also cites numerous statistics on entrenched poverty in the inner cities, lack of employment and education opportunity, and the catch-all word, hopelessness.

An American who awoke from a 30-year coma would think, after reading this thing, that time had stood still.

Wrong.

Even worse than its incomprehensible conclusion, the report recommends a government investment of \$56 billion to replicate failed poverty programs of the past. The Kerner Report devoted 70 pages to education, housing, job training and welfare programs that the author thought would bring everyone into the national mainstream. The only real obstacle the commissioners foresaw was some resistance in raising the necessary taxes. They felt that if the money could be raised, the problem could be solved.

We now know that throwing money at poverty doesn't work. There is little evidence that today's lawmakers and bureaucrats are invested with greater genius than their counterparts in the 1960s.

A more accurate chronicle of contemporary race relations can be found in "America in Black and White: One Nation, Indivisible," a book by Stephan and Abigail Thernstrom. The couple are veterans of the civil rights movement, and in 700 pages that include more than 70 tables and charts, they report on black progress and an equally impressive story of improving race relations, such as:

- o Although the Eisenhower report would leave us with the impression that most blacks continue to live in segregated neighborhoods, a majority of blacks say they have some white neighbors.

- o While blacks continue to suffer disproportionately high poverty rates, black, married, double-income couples make almost as much as their white counterparts. Only 8 percent of black two parent families live below the poverty level, and the black middle class has more than doubled in size since the Kerner Report was released.

- o And while there are still too many Americans who harbor racial prejudices, blacks and whites are working together, playing together and marrying each other as never before. But with or without the data, can anyone honestly say that the

racial divide is getting wider? Look at downtown Tampa at lunchtime, a Pinellas County beach and, much more visibly, our schools, Interracial interaction is at an all-time high. The changes from 30 years ago are all but immeasurable.

It is true that inner-city poverty is an entrenched problem, and a 1997 Gallup poll showed there still exists a gap in racial attitudes about the advances made. Still we are closer to achieving Martin Luther King's vision and remain the most progressive nation in the world when it comes to people of diverse races and religions living together.

There remains a racial divide, but the distance between the races is closing, not widening. There is more reason for optimism than anguish or despair. The authors of the Eisenhower report seem to have missed what is obvious to most of us, which is that in spite of our differences, as a people we Americans have much more in common than not.

**St. Louis American**  
**March 12, 1998**

St. Louis American

The economy is strong. Stocks are at record-high prices. But amid the champagne and caviar celebrations, it is worth remembering what remains to be done. Thirty years after the Kerner Commission warned that "our nation is moving toward two societies, one black, one white - separate and unequal," the Milton S. Eisenhower Foundation reports the warning has become reality.

Yes, dramatic progress has been made since the 1968 Kerner Commission report. The black middle class has grown to unprecedented levels. Black businesses have grown. The percentage of children graduating from high school is catching up with that of white children. This year's black poverty is the lowest in 30 years, with black family median income at a record high.

Yet despite those gains, inequality remains deeply rooted. While the U.S. economy booms, most adults in many inner cities do not work during a typical week. Forty percent of minority children attend urban schools where more than half the students are poor. One in three young African American men are in prison, on parole or on probation. The median income of black and brown families remains about two-thirds that of whites. The poverty rate is three times as bad. Four of every 10 black and Hispanic children are raised in poverty.

This year's Economic Report of the President traces the history. For a decade after the passage of the Civil Rights Act of 1964, income disparities between minorities and whites declined dramatically. Then the economic recessions of the 1970s and early 1980s hit minorities the hardest: last hired, first fired.

When the economy grew in the 1980s, the rewards didn't trickle down to poor and working people, so minorities did worse. In the 1989 recession, blacks and Hispanics were hit particularly hard, with black poverty reaching a 30-year high. It is only in the last two years that minorities have finally begun to make some progress.

Part of the problem is continued and widespread racial discrimination. All people tend to be more comfortable with people like themselves, so white employers tend to have more positive reads on white employees and more suspicions about young African American or Hispanics.

That's why the president's race commission urged him to request increases in funding for the Equal Employment Opportunity Commission. Opening locked doors is still essential.

But what the Economic Report shows is that a good portion of the gulf is between top and bottom, not simply white and minority. Since African Americans and Hispanics are disproportionately low-wage workers, when the gap between CEO and worker rises, the gulf between the races also grows.

Over the last decades, America has grown much more unequal. The top has done remarkably well, while most workers make on average less than they did 25 years ago. In the eighth year of the current economic recovery, the wages of most workers have not yet reached the levels of 1989 before the last recession. This damages blacks and Hispanics disproportionately.

The reasons for the growing gulf between affluent and worker are many. The global economy places severe pressure on wages for less-skilled workers. The growth of the service sector has seen jobs move from high-wage, unionized manufacturing sectors to lower-wage, non-union service sectors. Benefits have been cut back; more workers are forced into temporary, or part-time work.

The result is that the economy can be growing, the stock market booming, CEO salaries soaring, but most working people - and the vast majority of African American and Hispanic workers - have to work harder for less.

This isn't inevitable. In the last two years, wages have finally begun to rise for both low- and medium-wage workers. The Federal Reserve has allowed the economy to run at lower levels of unemployment. Right labor markets do help lift wages up. Unions have expanded their organizing. Democrats forced through the increase in the minimum wage, which had a dramatic effect on wages on the bottom.

The lessons are clear. Poor children need to be given a fair start - in nutrition, health care, education. Discrimination in employment must be fought relentlessly.

And blacks and Hispanics have a clear stake in a full-employment economy with stronger unions, mandated health care and a rising minimum wage.

In this light, the attempt to cripple unions in the political arena through the so-called paycheck protection laws - concerns far more than union members. Strong unions are essential if the gap between top and bottom is to be reduced. Unions mobilized to force Congress to pass the minimum wage increase. And when the Teamsters won the UPS strike, the non-union workers at Federal Express got a raise too.

When unions are weaker, workers fare worse. And when worker incomes stagnate, blacks and Hispanics take the biggest hit. The conservative attack on unions also is a direct attack on racial justice.

"Separate and unequal" is a harsh and avoidable reality. We can do better. To reduce the gulf between black and white, we must challenge the growing inequality between top and bottom, between CEO and worker. With the tide rising, we should ensure that the small boats, row boats and outboards are rising - and not just the yachts.

**Sandusky Register**  
**March 19, 1998**

Why we can't just get along

"I'm an artist so I'm sensitive about my stuff."

I'm paraphrasing the words of nuevo blue's Grammy Award-winning artist Badu. I'm very serious about my thoughts and words. Therefore criticism, sometimes at least initially, is met with a disturbing angst, especially when it comes from an uninformed and seemingly disinterested source who, because of their lack of objective education and their subjective cultural orientation, is unwilling to be an open and intelligent participant in the art of intellectual dialogue.

Intelligent disagreement I respect. It stimulates me into further research, reasoning, compromise, toleration and even acceptance.

But is disagreement based in xenophobia and the fear of self-discovery and exposure that is always a deterrent to peaceful resolution among people of divergent ideologies. It is the fire that fuels continued separation of people who are different culturally.

When I first read responses to some of my commentary about black males I experienced about angst.

But after reading the criticisms over a couple of times I found myself siding with the views of my critics. Maybe my views are much too ethnocentric, I said to myself. I admit sometimes my comments are strong and usually quite pointedly accusatory.

In my own defense, I rationalized by explaining facts and then juxtapose them against accepted orthodoxy to make my point, my purpose being to inform and educate.

I further rationalize by saying if a critic is unfamiliar with the language of ethnicity, philosophical sociology, and institutional racism as they intersect with social psychology then my articles would not be appreciated, understood or accepted.

But I still felt like my critics had a valid point; so that when I decided to change the thematic focus of my writings. I would no longer write about issues of black social pathology.

After all, America, at least since the 1954 Supreme Court case ending segregation, has made tremendous progress. Since the Civil Rights Act of 1964 a solid black bourgeoisie has been established: petite as it might be. And after all, am I not a part of that black middle class?

I will from now on write about our common ground as Americans, black and whites trying to work together, I told myself. I will write about black progress, advancement and more issues of black affirmation like the columnist Leonard Pitts does.

After all, I thought: this is what the people in small Sandusky want to hear.

They do not need to hear about racial disparities, economic injustices and democratic hardships of minority people in some far away place like New York, Los Angeles, Chicago or Cleveland.

They do not need some local guy bringing up issues about past atrocities that only fuel the fires of unresolved race and class differences.

So, I thought, why should I stir up the melting pot? The great American cauldron is still melting so why can't I just let it simmer? Why should I talk about the "new racism" when we are just coming to grips with the "old racism"?

Forget, I thought, about the backlashes manifested through reactionary, racist and violent laws designed to subvert the lasting effects of the Civil Rights Era, as it has tried to extend democracy to groups of Americans who have been historically discriminated against.



Forget about the issues like "three strikes and you're out" laws, which tend to criminalize low-income minority communities and justify building more jails and prisons.

Forget about the conservative-laden welfare-reform movement for low-income minorities that will eliminate the remaining social safety nets, while leaving in place subsidies for the rich in the form of corporate welfare. Forget about issues like California's Proposition 209, which removes one of the last remaining remedies used to provide opportunities in education and employment, and which helped to produce the black middle-class of which I'm a proud member.

I will not talk about the social causes that will land one out of every three black males between the ages of 18 and 30 in jail or prison or in some way to ensnare them in the criminal justice system.

No more will I talk about the spoils of social wars and the debris of racial destruction.

After all, we here in America share a unique bond. A bond that can't be broken. We have more in common than our differences. We rely on each other.

To quote the now famous words of Rodney King, after the white Los Angeles police beat the crap out of him, "Can't we all just get along?"

But I was shaken back into reality when I read the new report by the Milton S. Eisenhower Foundation on the progress of the 30-year-old Kerner report.

The Kerner report concluded that at the height of the civil rights movement, America was being divided into two societies, one black and one white. The new report states emphatically that this is exactly what has happened. The warning has become a reality.

Only a small black middle class ] the two nations. But it is the widening gaps of inequalities that are troubling as we go into the millennium.

As the rich get richer and the poor get poorer, minorities are suffering even more disproportionately. The statistics are startling.

The new report says that the private market has failed the inner city and the prison system is a symbol of discrimination. Hate groups and minority-related hate crimes are on the upswing.

While we can applaud progress in the area of interracial dating, interracial marriages and bi-racial grandchildren, we must not forget incidents like the Eagles Club affair right here in our own city. We must not allow our collective

memory to slip off into some kind of institutional amnesia. We must acknowledge that the reason for progress has been that people have not been afraid to speak out.

Until every vestige of racism is eradicated in this country, someone must stand up and speak truth no matter how stark it is.

The progress that we have fought so hard to achieve over the last 30 years is in serious danger of being reversed with the dismantling of the very infrastructure which gave us this progress. Someone must continue to be vigilant, observant, introspective, and critically circumspective - even here in small Sandusky.

So after a reality check I have decided to allow my critics to continue to talk about the progress and the good that has been accomplished for blacks over the last 30 years.

But as for me, I will continue to remind my critics by raising questions and making points.

I will remind them that there is still a lot of work to be done and we cannot rest until it is done. Not only does the country has a ways to go, but there is still much to be done right here in small Sandusky.

**Chicago Crusader**  
**March 28, 1998**

Unfinished Business

BY HUGH B. PRICE

Early this month the Milton S. Eisenhower Foundation released a report updating the famous Kerner Commission study of 1968, which had surveyed America's racial landscape and in a dire tone concluded that "Our Nation is moving toward two societies, one Black, one white - separate and unequal."

The Eisenhower Foundation report, "The Millennium Breach: Richer, Poor and Racially Apart," acknowledges that progress has occurred since the late 1960s. But its conclusion is equally ominous.

"The Kerner Commission's prophecy has come to pass," it states. "While leaders and pundits talk of 'full employment,' inner city unemployment is at crisis levels. The rich are getting richer, the poor are getting poorer and minorities are suffering disproportionately. The private market has failed the inner city. The prison system is a symbol of discrimination. A class and racial breach is widening again as we begin the new millennium."

Is the reports finding true?

Before I answer, it's crucial to recognize the longstanding tradition of racial prophecy the "Millennium Breach" document pays homage to.

In fact, that tradition of scholarly and literary warnings to white America to do right on race goes back three centuries. In the twentieth century it includes W.E.B. Du Bois' classic, "The Souls of Black Folk," of 1904, and "An American Dilemma," the massive tome published in 1943 by the task force of scholars headed by the Swedish sociologist Gunnar Myrdal.

But the most powerful antecedent of both the Kerner and the Eisenhower studies may be "The Fire Next Time," James Baldwin's searing booklength essay, published in 1962 amid the burgeoning Civil Rights Movement.

The apocalyptic vision of the Biblical verse Baldwin used to end the book- "God gave Noah the rainbow sign, No more water, the fire next time" - took on a more ominous tone in the late 1960s, when the pent-up anger of many of the nation's Black ghettos exploded.

The sense of pessimism those explosions produced in some quarters were the backdrop to the Kerner Commission's warning as well as its explicit recommendations for change.

Actually, the Kerner Report got it backwards (perhaps deliberately, the better to provoke action).

America had been two societies, separate and extremely unequal, until the Civil Rights Movements began to compel white America to - fitfully, to be sure - live up to its democratic rhetoric.

The racial turmoil of the late 1960s was a consequence of white America not moving fast enough. It confirmed Martin Luther King Jr.'s powerful insight of his "I Have A Dream" speech that revolutionary changes in the status of African Americans were required.

"1963 is not an end, but a beginning," he declared at the March of Washington. "Those who hope the Negro needed to blow off steam and will now be content will have a rude awakening if the nation returns to business as usual. . . . The whirlwinds of revolt will continue to shake the foundations of our nation until the bright day of Justice emerges."

In that regard, the Kerner Report formally ratified King's insight. Ten years ago, another massive study of America's racial landscape, "A Common Destiny: Blacks and American Society," noting Kerner's conclusion, declared that despite important changes, "there are striking resemblances between the description of 1968 and the position of Black Americans reflected in our findings."

The Eisenhower Foundation study, as I said, is even more pessimistic.

So, I come back to my question: Is the study right?

On the bright side, college campuses are vastly more integrated today. So is the corporate workplace. The Black middle class has grown dramatically as millions of African Americans have risen above poverty and working-class status. The steady economic recovery has slashed unemployment and poverty, and neighborhoods and down-towns that were devastated by the riots are showing renewed signs of life.

No, America isn't the racial cauldron that some feared it would become.

But for all that progress, gaps persist, and we shouldn't pretend that the American landscape has been cleared of the systemic and individual racism that materially affects the opportunities available to Black people.

Our children lag behind academically. The assault on affirmative action threatens to close the gates of opportunity again, and many inner-city neighborhoods are crippled by the combination of high unemployment and poverty, forcing too many of our young men to pursue lives of crime. And, as the Southern Poverty Law Center reported this month, despite the country's economic boom, the number of white-supremacist hate groups has increased, not decreased, in the mid-1990s.

So, America isn't yet the inclusive society we dreamt - and dream - it could be.

Thus, if the Eisenhower Foundation Report downplays the racial progress that has occurred, it still serves as extremely useful purpose in reminding us of the significant amount of unfinished business still to do.

**JACK FORD:** In FOCUS this evening, updating the 30-year-old Kerner Commission Report on race and economics in America. The new version lists many of the same problems. Details now from NBC's Joe Johns.

**JOE JOHNS:** From 1964 through 1968, more than 250 American cities erupted in violence. They were the worst riots in US history, nearly 300 people died, 8,000 were injured, property damages went into the hundreds of millions of dollars. New civil rights laws were banned discrimination, but had not put an end to racism.

**UNIDENTIFIED MAN:** We want freedom and justice and equality, we want to be treated equal.

**JOE JOHNS:** Many of the big cities that burned in the 60s still bear scars today. President Lyndon Johnson, concerned that extremist groups and perhaps even

Communists were organizing the disturbances, appointed a commission to investigate.

PRESIDENT LYNDON JOHNSON (From File Footage): Let your search be free. Let us be untrammelled by what has been called the conventional wisdom. As best you can, find the truth.

JOE JOHNS: The Kerner Commission delivered its truth after eight months of study. The violence, it stated, was not the product of a conspiracy, but the product of frustration. The report described high unemployment, low family income, poor schools and bad housing, mistreatment by police, and it issued a stern warning that an underclass was being created along racial lines. The report concluded, "Our nation is moving toward two societies, one black, one white - separate and unequal."

FORMER SENATOR FRED HARRIS (Kerner Commission Member): That is more or less becoming true again today.

JOE JOHNS: Former Oklahoma Senator Fred Harris was a member of the Kerner Commission. He helped write a 30 year update for the privately funded Eisenhower Foundation, which was started to continue the work of the commission.

FRED HARRIS: And things got better in regards to race and poverty and the problems of the inner cities for a good while after the Kerner report, up until the end of the 70s. And then that progress stopped and in many ways began to reverse.

JOE JOHNS: The report found that there is more poverty in the US than there was 30 years ago, and that unemployment among blacks is more than twice the national average.

UNITED STATES REPRESENTATIVE JOHN CONYERS (Democrat, Michigan): The saddest thing of all about it is that there's been so little done.

JOE JOHNS: To change the trends, the new report recommends establishing national programs modeled on local ones with proven track records.

LYNN CURTIS (Eisenhower Foundation): If we just take all those programs that have already demonstrated success, and combine them, we have a coherent policy.

JOE JOHNS: Programs like the New Community Corporation in Newark, New Jersey, which offers a broad collection of services to thousands in the inner city every day. It operates day care centers, which serve about 900 children daily. It provides security patrols in housing for about 7,000 residents. It provides job

training for inner city teens and even creates jobs in its own shopping center, complete with a Pathmark Supermarket and a restaurant. Monsignor Williams Linder, founded the program 30 years ago in the months after the Kerner Commission Report was released.

MONSIGNOR WILLIAM LINDER (New Community Corporation): We need to take the lead and create the solutions.

JOE JOHNS: The update to the Kerner Commission Report cites the significant expansion of the black middle class and it recommends new laws and federally funded programs that help end the cycle of poverty for those left behind.

UNITED STATES REPRESENTATIVE CHARLES CANADY (Republican, Florida): I think that this is a report that thinks more government action is going to be the solution to all our problems.

JOE JOHNS: Copies of the report will now be delivered to the members of Congress and the White House. The authors say they do not believe the changes they recommend will be made. Joe Johns, NBC News, Washington.

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