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National Urban Policy Revisited

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I. INTRODUCTION

The United States first became a truly metropolitan nation in 1990 when over half (50.2%) of its citizens lived in the thirty-nine metropolitan areas with populations exceeding one million people. The urbanization of America is not necessarily good news for cities; most metropolitan growth has been suburban. As a result, less than a third of the country’s population now lives in cities.

Despite a declining population base, cities continue to play a vital economic and cultural role in the nation’s life: “[T]hey provide safe harbor and a takeoff point for each generation’s immigrants and for each region’s in- and out-migrants.” Nearly as many immigrants arrived on our shores in the 1980s—600,000 a year—as came during the peak years of 1900 to 1910. Most of these new arrivals head for the cities, adding “fresh entrepreneurial energy but also vast social service burdens” to their adopted homelands.

At the same time, however, dramatic shifts in the nationalities of immigrants have challenged the acculturation capacities of cities. During the 1980s, for example, only 11% of new arrivals to America were

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2. In 1950, cities accounted for 32.8 percent of the nation’s population; suburbs, 23.3 percent. By 1960, cities still [had] a small margin over the suburbs, 32.8 percent to 30.9 percent. By 1970, the suburbs (37.6 percent) had surpassed the cities (31.4 percent). By 1980, cities had 30 percent, compared with 44.8 percent for suburbs. By 1990, the cities had 31.3 percent, while suburbs had 46.1 percent.


5. Id.
European, compared to the 1960s, when more than half were European.\footnote{Just prior to 1965, over one-half of all immigrants entering the United States were Europeans and over 30 percent were from North America. Relatively small percentages were from Asia, Africa and Latin America. By the 1980s, 46 percent of the immigrants were from Asia as opposed to just 11 percent from Europe. Moreover, while the percentage from North America remained relatively unchanged, immigrants from this continent were much more likely to come from the Caribbean, Mexico and Central America, compared to the 1950s when Mexicans and Canadians predominated.} Although the financial burdens that large-scale immigration places on cities are hard to estimate, a recent report issued by Los Angeles County estimated that immigration-related costs are approaching a billion dollars, or more than 30\% of total expenditures.\footnote{The report took an expansive view of the immigrant population: Not only was the currently illegal \[alien\] included, but also the U.S. born children of those illegals (who are thus American citizens), those illegals granted amnesty under the 1986 immigration law, and the legal immigrants to the area since 1980. The four groups together accounted for about 25\% of Los Angeles county's population in fiscal 1992.}

The combination of high rates of immigration and white flight to the suburbs has contributed to the growth of racial-ethnic minorities in the demographic majorities in many of our largest cities—57\% of the population in New York, 62\% in Chicago, 63\% in Los Angeles, 70\% in Atlanta, 79\% in Detroit, and 88\% in Miami.\footnote{The report found that this immigrant amalgam cost the county government $947 million in services for which it wasn't reimbursed by fees or subventions—or about 31\% of that year's total county tab. Yet, it was estimated (and this is more contentious arithmetic than the expense side of the ledger) that the same group accounted for only 10\% of the county tax revenue. \textit{Id.}} Moreover, "[t]o make good their escape from the city and its problems, the new suburbanites often passed laws prohibiting the city from expanding—condemning it to a future as an economic and racial ghetto."\footnote{John D. Kasarda, Urban Change and Ghetto Revitalization 3 (May 27, 1992) (Congressional Testimony of John D. Kasarda, Dir. of The Kenan Institute of Private Enter., The University of North Carolina at Chapel Hill).} These factors also have contributed to growing disparities between the resident incomes and resulting tax bases of cities and suburbs. Consider the contrast between Charlotte, North Carolina, and Cleveland, Ohio, two cities with similarly sized metropolitan populations, but dramatically different future prospects:

Charlotte's metropolitan area has gained 600,000 people in the past 40 years; Cleveland's 700,000. Both are roughly 20 percent black, metrowide. But there the similarities end.
Charlotte has grown, capturing nearly half of the growth of its metropolitan area. The population of Cleveland has shrunk, with most of the growth of its metropolitan area coming from people fleeing the city.

Charlotte—with roughly the same size black population—is far more integrated than Cleveland. Charlotte’s residents are prosperous; per capita income in the city is 118 percent that of the suburbs. In Cleveland, per capita income is only 62 percent of that in the suburbs.

The difference: Charlotte was allowed to expand, to follow its suburbs and keep the middle class—both white and black—within the city, paying its taxes, running its government and solving its problems.10

Trapped by geographic boundaries that cannot expand and disadvantaged by a labor force that is poorly prepared to compete in a global economy that places a premium on advanced education, “[c]ities on their own cannot solve the problems of the poor or of urban decay.”11 A prime example of such a severely distressed city today is Hartford, Connecticut, the former insurance capital of the nation which has become the poorest and one of the most crime-ridden cities in the state.12

Sensitive to the national challenge posed by dramatic shifts in metropolitan settlement patterns, and in partial response to the urban riots of the 1960s, Congress enacted legislation in 1970 requiring the President to prepare a biennial urban growth policy report. This Essay traces the evolution of national urban policies from President Nixon through President Bush, and concludes with recommendations for the Clinton Administration. Section II summarizes how cities have fared since the 1960s, with particular emphasis on their fiscal condition and problems in their health, education, and criminal justice systems. Section III summarizes twenty-three years of national urban policies; and Section IV analyzes

10. Id.
11. FLYNN, supra note 2, at 1.
12. “[Hartford] must carry the baggage of poverty: crime, drugs, welfare dependency, teenage pregnancy, hunger and broken families. Hartford has the highest number of welfare recipients of any city or town in the state. ... Teen pregnancy shackles city youngsters to the welfare system. ... The city has so many halfway houses, group homes and social service agencies that some streets threaten to become social service malls. ... Crime continues to suck the life out of the city. ... Neighborhoods that drew middle-class homesteaders in the 1970s are losing them now because of crime, taxes and schools. ... The public schools, more racially segregated than some in South Africa, are a disaster [and,] ... [t]he four-year dropout rate in the high schools is more than 50 percent. ... City government is beset by bureaucratic inefficiency and expensive union contracts.”

the principal reasons why these policies have been largely ineffective. The final Section presents three national urban policy scenarios for consideration, with the preferred alternative combining an aggressive program of national investment in productivity-increasing human and infrastructure capital with community-based, public-private partnerships.

II. HOW CITIES HAVE FADED

With structural changes in the national economy\(^{13}\) having contributed to the growth of an urban underclass,\(^{14}\) and continuing problems with our educational, health care, housing, and welfare systems, one might conclude that all cities and most African Americans\(^{15}\) are worse off today than they were when the riots broke out in the late 1960s. While many cities are reeling from the recessions of the 1980s and more than a decade of relative federal neglect, they are not without hope. Despite their seemingly intractable problems, many cities are creating their own "macroeconomic" policies to make them more competitive in the "information age" global economy where "it's possible for millions of dollars to move in seconds from Miami to Milan, Dallas to Dhahran."\(^{16}\) For example, "San Antonio is aggressively marketing itself as 'Telecity,'" and "New York City has a 'teleport'—an antenna farm on Staten Island linked to a regional fiber optic network—that permits the Big Apple's communications-hungry banks, brokerage houses and travel industries instant access to satellites and other global telecommunications media."\(^{17}\)

Although conditions have worsened demonstrably for poor African Americans living in drug-plagued, inner-city communities, there is some evidence that a substantial percentage of blacks have improved their lives and work in the last thirty years.\(^{18}\) The income gap between affluent and

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15. Editor's Note: The contributors to this symposium have used the terms "African American," "black," and "black American," often interchangeably, in their articles. The *North Carolina Law Review* has elected to defer to its contributors' choices in the absence of any universally accepted racial or ethnic designation.


17. *Id.* at 4-5.

poor blacks is greater today than the gap between blacks and whites.19
"[I]n the past 20 years, black families with incomes of $35,000, grew
from 15.7 to 21.2 percent and black families with incomes of $50,000
increased 350 percent."20

Some economists, however, see these gains as illusory and short-
lived. Bennett Harrison and Lucy Gorham, among others, argue that the
above-cited gains cannot be sustained for three reasons: most of the in-
come gains reflected the increase in two-wage earner families rather than
higher real wage income for full-time workers;21 the incidence of well-
paid black workers, both men and women, fell during the 1980s;22 and
the number of black families headed by single women who are the sole
breadwinners rose. Consequently,

[i]n the absence of a truly major national policy effort to pro-
mote affirmative action in hiring and promotion, comparable
worth, higher hourly wage rates for part-time workers, and ex-
tensive job training tied to well-paid stable employment oppor-
tunities, most black families, even more than white families,
need two or more earners to attain a middle-class standard of
living.23

Like their white counterparts, higher-income blacks are moving out
of the cities. Forty-nine percent of all African American households on
Long Island make more money than does the typical white household in
America. "The majority of all black people in the Washington area do
not live in the District of Columbia. They live in the suburbs."24 In
1989, 26% of all black households lived in the suburbs, and 43% owned

Comm. on Banking, Housing and Urban Affairs, 102d Cong., 1st Sess. 263 (1991) [hereinafter
Hearings] (statement of Robert L. Woodson, President, National Center for Neighborhood
Enterprise).
20. Id.
21. "Between 1979 and 1987, the proportion of white families with two or more wage-
earners rose from 57 percent to 59 percent. But for black families, the change was in the
opposite direction, from 50 percent in 1979 down to 46 percent in 1987." Bennett Harrison &
Lucy Gorham, What Happened to African-American Wages in the 1980s?, in THE METROPOLIS
IN BLACK AND WHITE: PLACE, POWER AND POLARIZATION 56, 58 (George C. Galster &
Edward W. Hill eds., 1992) [hereinafter THE METROPOLIS IN BLACK AND WHITE].
22. Between 1979 and 1987, "whites, as a whole, suffered a decline in the number of high-
wage workers over this period of under 1 percent, while among blacks there were actually 7
percent fewer high-wage workers in 1987 than in 1979." Id. at 61.
23. Id. at 57.
24. Joel Garreau, Candidates Take Note: It's a Mall World After All, WASH. POST NAT'L
their own homes.25 In 1960, about 2% of Cleveland's black population lived in the suburbs; by 1990, a third did.26

A. Fiscal Conditions

It is also difficult to generalize about the changing fiscal conditions of cities since the late 1960s. Not only are local economies subject to national business and growth cycles, they are also affected by regional swings that affect both revenues and expenditures. Even so, one thing is certain. During the past thirty years, America's cities have suffered severe declines in resident incomes and tax bases as a result of the flight of jobs and the middle class to the suburbs. In some metropolitan areas, this flight has become so great as to have all but pauperized the central city.27

Although these trends suggest that cities are experiencing growing fiscal trauma, some measures of fiscal health actually show cities to be doing better today. Measured in terms of liquidity, cash balances and deficit position, cities were in a better cash position in the mid-1980s than they were ten years earlier when New York was on the verge of bankruptcy.28 Roy Bahl attributes this improved performance to a combination of more "conservative budgeting and fiscal planning" and the fact that "cities seem to have done a better job of expanding and contracting their budgets depending on the performance of their economies."29


26. In the Cleveland metropolitan area, an overwhelming percentage of all black suburbanites live in just one community, East Cleveland, which suggests that locational choices for blacks who have managed to move out of Cleveland's ghetto continue to be restricted in the suburbs. From 1960 to 1970, for example, East Cleveland's population went from 2 to 51% black. Norman Krumholz, The Kerner Commission Twenty Years Later, in THE METROPOLIS IN BLACK AND WHITE, supra note 21, at 19, 25.

27. In 1960, the per capita income of cities was 5% greater than their surrounding suburbs. In 1980, per capita income of cities was 89% of that for the surrounding suburbs. By 1989, the percentage had fallen to 84%. In some metropolitan areas, the economic disparities between city and suburbs are particularly acute. Newark's per capita income was only 43.1% of its suburbs; in Paterson, New Jersey it was 46.6%; in Cleveland, 53.4%; in Hartford, 53.6%; in Detroit, 53.6%; in Milwaukee, 62.9%; in Gary, Indiana, 63.4%; in Baltimore, 64.3%; in Philadelphia, 65.4%; in Dayton, 66%; in Chicago, 66.3%; in Miami, 67.2%; in New York, 67.6%. FLYNN, supra note 2, at 26.


When municipal performance is measured more broadly, however, there are indications that the fiscal health of large cities generally has deteriorated. According to Helen Ladd and John Yinger, the average city experienced an eleven percentage point decline in its standardized fiscal health between 1972 and 1982, but "actual fiscal health is markedly poorer in central cities with large populations than in those with small populations."\(^3\)

Bahl raises an interesting point about the fiscal responsibility debate. While conservative budgeting has helped cities balance their budgets, they have done so by "deferring their expenditures on certain activities to later years and allowing those public services to deteriorate."\(^3\)

Public finance experts might disagree about this issue, but one thing is clear: Today, cities must rely more heavily on their own devices for raising revenues.\(^3\) Federal dollars have been sharply cut since the 1970s. This is especially true for large cities where direct federal aid as a percentage of locally raised revenues fell from 34% in 1977 to below 10% in 1987.\(^3\) A 1992 report from the National League of Cities cites four reasons for increasing fiscal pressure: (1) the cost of unfunded state and

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Eighty-Second Annual Conference National Tax Association-Tax Institute of America 81, 82 (Frederick D. Stocker ed., 1990).

30. The average actual fiscal health of cities with populations below 100,000 is 20 percentage points above the 1982 average, whereas the average fiscal health of the largest cities is 43 percentage points below the average. Helen F. Ladd & John Yinger, America's Ailing Cities: Fiscal Health and the Design of Urban Policy 195-98 (1989).

31. Bahl, supra note 29, at 82.

32. In 1959, local governments financed 28 cents of every dollar of expenditures from state and federal aid, whereas in 1975 the share was 43 cents and in 1978 it was 46 cents. The large urban aid programs—which went directly to cities—were an even more important story. For example, federal aid to cities as a percent of total revenues raised from own sources were as high as 70 percent in Cleveland, Buffalo and Detroit in 1978. This explains why local governments remained in a growth mode during much of the mid to late 1970s. The continuous increase in intergovernmental aid contributed to the attitude of local officials that external finances would pick up part of any shortfall due to recession.

. . . .

The fiscal restructuring of local governments began after the recession. Real levels of per capita spending, taxes and debt continued to rise between 1975 and 1978, but the line was held on state and local government employment levels and employee compensation . . . . The real cuts, however, started after 1978 when two important events occurred. Proposition[s] 13 and 2-1/2 signaled the 'official' unwillingness of voters to go along with further tax increases, and the election of Ronald Reagan in 1980 underlined this. The decline in federal aid to state and local governments began in 1978.


33. Bahl, supra note 29, at 82. For cities under a million, federal government revenues as a percent of government municipal revenue declined from 14.3% in 1979-80, to 4.8% in 1989-90. Flynn, supra note 2, at 21.
federal mandates, (2) the depressed state of local economies, (3) high infrastructure needs, and (4) the rising cost of health benefits for municipal employees. To deal with the general revenue shortfall, cities were forced, among other actions, to freeze budgets, raise taxes, and lay off municipal employees. For those who argue for state involvement in addressing the problems of cities targeted by the Clinton Administration, a cautionary note: As a result of the recession, in 1991, fifteen states reduced local grants-in-aid—some by as much as 25%.

While the fiscal vitality of our cities is decidedly mixed, it is fair to say that many of the nation's largest cities have experienced fiscal deterioration since the 1960s. The transformation of our economy from a primarily goods-producing economy to a knowledge-based information economy caused a decrease in total manufacturing employment. Larger, older cities took the biggest hits: between 1967 and 1987, Detroit lost 51% of its manufacturing jobs; New York City, 58%; Chicago, 60%; and Philadelphia, 64%.

B. Increasing Demands on Urban Services

1. Health Care

Deterioration is apparent in our health care system as well as in our cities. The incidence of specific health problems is generally higher in central cities than in the nation as a whole, and higher still in big cities, especially those with large minority populations. A case in point is infant mortality. The infant mortality rate in the United States ranks twentieth in the world, primarily due to excessively high rates in major cities. The 1989 national infant mortality rate was 10.0 infant deaths per 1000 live births. In Washington, D.C., however, the 1989 infant mortality rate

35. Id. at v. According to Pagano, 73.4% of surveyed cities reduced the rate at which their operating spending increased; 71.5% raised taxes and fees, or imposed new ones; 61.2% reduced their capital spending; 44.2% froze municipal hiring; 39.5% reduced their work forces; and 14% reduced service levels. Id.
36. For example, New York cut revenue sharing by $343 million, including a 25 percent cut for New York City. Georgia cut aid to cities by at least $40 million. Governor Jim Edgar of Illinois proposed that the state keep the $237 million share of a temporary income tax surcharge that was to go to municipalities, but was overturned by the House. Boston lost $85 million in state aid during 1989-1991.
37. Kasarda, supra note 13, at 71.
38. FLYNN, supra note 2, at 16.
was 22.9; Detroit reached 21.1; Philadelphia, 17.6; and Chicago, 17.0. Among black children, the rates were drastically higher: 26.5 in Washington, D.C.; Detroit, 23.9; Philadelphia, 23.5; and Chicago, 22.4.

High mortality rates are not only a problem among infants. "Nationally, black men in inner city neighborhoods are less likely to reach the age of 65 than men in Bangladesh, one of the poorest nations in the world." The declining life expectancy of black males is not a function of elevated death rates among older males, but the result of higher death rates for younger men due to a homicide epidemic in inner cities. A major inner-city hospital in Los Angeles reported in 1991 that 51% of its patients had gunshot wounds, compared to only 19% in 1985. In addition, high levels of psychological stress in the form of depression, alcoholism, and substance abuse causes excess mortality rates among urban minorities. "[C]ardiovascular disease, a stress-related condition, accounts for almost one quarter of the excess mortality cited in" a landmark study of black males in Harlem. Finally, municipal hospitals in large cities have been pushed beyond the breaking point trying to cope with a growing AIDS epidemic. In New York City, 83% of women with AIDS and 61% of all AIDS patients are Hispanic or black.

2. Poverty and Homelessness

Between 1979 and 1989, the number of people living in poverty grew by 4.3 million to more than 31 million. Poverty is not restricted to urban areas, but it is more concentrated there. In 1989, 30% of all poor

39. Id.
40. Id.
42. FLYNN, supra note 2, at 18. Nationally, the "death rate from homicide ... for Black males ages 25 to 34 is almost 5 times as high as for Black females ... , 7.4 times as high as for white males . . . , and 24 times as high as the rate for white females." TWENTY-FIRST CENTURY COMM'N ON AFRICAN-AMERICAN MALES, FROM CONSTERNATION TO CONSERVATION: TOWARDS A NATIONAL POLICY FOR THE PRESERVATION OF BLACK MALES, reprinted in Hearings, supra note 19, at 8 (submitted to the record by Senator Sanford).
43. THE URBAN INST., CONFRONTING THE NATION'S URBAN CRISIS: FROM WATTS (1965) TO SOUTH CENTRAL LOS ANGELES (1992), at 46 (1992) (prepared statement of Dr. Billy E. Jones, Commissioner, New York Mental Health). Also, while only 28% of the total population of New York City is black, one-third of the admissions to inpatient psychiatric units of municipal hospitals in New York City are black, as are 68% of the city's single, homeless, mentally ill population. Id.
44. Id. at 3.
households lived in the suburbs\textsuperscript{46} and were as likely to have housing problems as those living in cities. The percentage of the nation’s poor living in central cities continues to grow: from 30\% in 1968, to 37\% in 1979, to 43.1\% in 1989.\textsuperscript{47} What is unique about urban poverty is its intense racial and spatial concentration.\textsuperscript{48} While no municipality seems to be too small to have some homeless people, homelessness has reached epidemic proportions in major cities. Martha Burt found:

During the recession of 1981-1982, emergency shelters and soup kitchens began reporting a greatly increased demand for their services, reflecting the effects of high unemployment, a rising cost of living, and a retrenchment in government programs that cushioned earlier economic downturns. Even when economic conditions improved after 1983, homelessness seemed to continue growing. The size of the homeless population was estimated at 250,000 to 350,000 for 1984 . . . and 500,000 to 600,000 for 1987 . . . . A comparison of these estimates yields an annual rate of increase of about 22 percent for these three years. As the decade progressed, the homeless population increasingly included new groups of people, such as mothers with children, and more of certain types of individuals, such as the severely mentally ill and drug abusers.\textsuperscript{49}

As Burt suggests, in New York and elsewhere, the most rapidly growing segment of the homeless population is families with children. Throughout the 1970s, the number of homeless families in New York City’s emergency shelter system totaled just under 1000. Most of these families were displaced by fire, illness, or other short-term crisis.\textsuperscript{50} Today, there are more than 5200 homeless families in New York City, with close to 1000 new families entering the shelter system each month.\textsuperscript{51} Moreover, today’s homelessness is often not a result of an immediate crisis. Today, more than 45\% of all homeless families in New York have never had a place of their own to live; only 37\% of homeless individuals

\begin{itemize}
  \item \textsuperscript{46} Forty-one percent of poor households were in central cities and 29\% were in nonmetropolitan areas. Devaney, \textit{supra} note 25, at 12.
  \item \textsuperscript{47} Flynn, \textit{supra} note 2, at 23.
  \item \textsuperscript{48} In 1985, for example, 54.6\% of all families with a poverty level income lived in central-city poverty areas that the Census Bureau defined as census tracts where 20\% or more of the residents lived below the poverty line. The 1985 poverty rate among central-city blacks was 32.1\%, compared with 14.9\% among whites; in census tract poverty areas it was 41.2\% and 34.2\%, respectively, for blacks and whites. Urban Change and Poverty, \textit{supra} note 28, at 16.
  \item \textsuperscript{51} Id. at 2.
\end{itemize}
have a high school degree; only 40% of all family heads have at least six months of work experience; and over 70% have varied levels of drug and alcohol abuse.\textsuperscript{52}

In a study of homeless families in Los Angeles, a similar pattern was reported: "Homeless mothers reported more spousal abuse and drug abuse by their mates and were more likely to have had a child abuse report opened on the family and more likely to have personally required hospitalization for mental illness" than were a comparison group of poor housed families.\textsuperscript{53} Also, "[a] history of substance abuse and family violence were more often reported for the homeless mothers' own family of origin."\textsuperscript{54}

3. Education

As the earlier reference to Hartford's schools suggested,\textsuperscript{55} no institution is in a greater state of crisis than the urban school system. "More people than ever graduate from high school. But in our big cities many of those who graduate are barely literate."\textsuperscript{56} "The reading scores of black 17-year-olds from disadvantaged urban communities are no better than the reading scores of white 13-year-olds from more advantaged communities."\textsuperscript{57} Today, "45 percent of black children and about three-quarters of immigrants are educated in or around 11 big cities."\textsuperscript{58} And, while black males comprise about 6% of today's civilian labor force, they and other minorities are projected to comprise more than half of all new labor market entrants in the year 2000.\textsuperscript{59} Thus, "a large fraction of these workers will enter the job market as products of urban schools or urban job training programs—preparatory mechanisms that are failing minority groups."\textsuperscript{60} Financial returns from education are also lower for blacks and other minorities than they are for whites because of racial discrimination in the workplace.\textsuperscript{61}

\textsuperscript{52} Id. at 3.
\textsuperscript{54} Id.
\textsuperscript{55} See supra note 12 and accompanying text.
\textsuperscript{56} THE URBAN INST., supra note 43, at 3.
\textsuperscript{57} Id.
\textsuperscript{58} Id. at 13.
\textsuperscript{59} TWENTY-FIRST CENTURY COMM’N ON AFRICAN-AMERICAN MALES, supra note 42, at 8.
\textsuperscript{60} THE URBAN INST., supra note 43, at 8 (emphasis added).
\textsuperscript{61} In 1987, 17.1% of whites with four or more years of college still worked under the poverty line. Among blacks, the comparable proportion was 20%. Harrison & Gorham,
4. Crime

Finally, no assessment of the current state of urban America and future prospects can ignore crime and the role that the criminal justice system plays in contemporary America and in the lives of young African Americans and other minority young men. In America's urban areas there is a murder every twenty-two minutes; a forcible rape every five minutes; a robbery every forty-nine seconds; and an aggravated assault every thirty seconds. To punctuate the seeming inability of our national government to stem the rise of urban violence, our nation's capital has become the murder capital of the nation. The incidence of lawlessness is more concentrated in some areas than others, as is illustrated by the fact that three-quarters of New York State's entire prison population comes from and preys upon just seven neighborhoods in New York City.

Rising crime rates are not exclusive to our largest cities. Between 1985 and 1990, crimes against persons increased by more than 50% in eight out of twenty-five surveyed cities with populations of 250,000 or more. Fear of crime pervades cities of all sizes, adversely affects life styles, restricts the use of urban spaces, and fuels racial antagonisms. The rise of violent crimes during the 1980s has been linked to drug activities that have provided increased, albeit illegal, earnings opportunities for poorly educated, unemployed, minority young men. A recent study of incarcerated young offenders concluded that expected returns from illegal work exceeded those for legal work for both blacks and whites, but because of lower employment and earnings possibilities, the ratio of ex-

supra note 21, at 66. Just over one in eight African-American college graduates were earning as much as $35,000 a year in 1987, while white college graduates with equivalent years of schooling were twice as likely to be paid that amount (26.1% vs. 13.1%). Id.


63. In 1988, . . . 372 people were murdered in [Washington, D.C., a city of slightly fewer than 600,000 people. That was a record. So was the 1989 figure of 434. And the 1990 number of 483. And 1991's 489. So far this year, murders are off 10 percent from last year, but Washington still has the highest per capita murder rate in the country. . . . [M]ore people per capita are arrested in Washington[, D.C.] than anywhere else, followed by South Africa.


Violent crime rates are also very high in other large cities. For example, Miami and Atlanta each averaged more than four crimes against persons per 1000 population in 1990, compared to a national average of less than one. JOHN P. VITELLA, SECURITY, CRIME AND DRUGS IN PUBLIC HOUSING: A REVIEW OF PROGRAMS AND EXPENDITURES 35-36 (1992).


65. VITELLA, supra note 63, at 2.
pected legal earnings to illegal earnings was much lower for blacks.66 One result of these perverse economic incentives is frequent involvement with the local law enforcement system. Today, "one-quarter of black men ages 20 to 29 are in jail, in prison, or under a parole officer's supervision."67 "Run-ins with the law are so common among young males in inner-city areas that most of the stigma associated with being an offender is gone, and tensions between the community and the police are high."68 In addition to forming a disproportionately large share of all prisoners, blacks are also more often the victims of crime.69

The cost of operating and expanding the criminal justice system is staggering. In 1988, direct expenditures on the criminal justice system by all levels of government totaled about $61 billion, including $14.9 billion for operating the state and federal prison systems.70 Today, the cost of building a single prison bed ($53,663)71 is about the same as building a subsidized home for a low-income family. Interestingly, corrections spending is the second fastest growing item in state budgets—after Medicaid.72 This suggests that without dramatic reform, the criminal justice system will continue to drain resources that could be used for investment in human capital and other more productive purposes for years to come.

5. Economic Decline and the Underclass

To conclude this Section, it should be noted that analysis of the progress of cities since the late 1960s also must address the issue of the urban underclass. Whether used in an economic context as originally intended by Myrdal to describe people who have become technologically unemployed, or in a behavioral context to describe poor people who do not fit mainstream values, there is a consensus on two points: Regardless of how cities as a whole have fared since the late 1960s, the underclass population has grown significantly, and its spatial concentration has intensi-

66. *Hearings, supra* note 19, at 62-63 (testimony of Samuel L. Myers, Jr.).
68. *Id.* at 3-4.
69. *Hearings, supra* note 19, at 12. In 1987, 49.1 black males per 1,000 persons were victims of violence compared to 31.5 black females, 35 white males, and 20.1 white females. For younger black males, these rates were even higher. Nearly 91 crimes of violence per 1,000 persons were committed against black males between 12 and 15 years of age. The rate for 16 to 19 year-old black males was even higher, 101 per 1,000 persons. In 1988, 51.5% of all murders and homicides of black males were committed by other black males. *Id.*
70. *Id.* at 13.
71. *Id.*
The most recent manifestation of these phenomena is the Los Angeles riots of April 1992, which one scholar sees as "the consequence of a lethal linkage of economic decline, cultural decay and political lethargy in American life." To set the stage for the urban policy challenge confronting the Clinton Administration and as a contemporary context for rethinking the Kerner Commission Report, consider the case of Los Angeles. Here is a summary of twelve conditions that currently affect the quality of life in Los Angeles and South Central Los Angeles:

1. "Los Angeles is one of the most segregated communities in the United States." "[Sixty] percent of the census tracts in Los Angeles have almost no African American residents."

2. "Black families in Los Angeles bear a disproportionate share of the poverty there. Black people constitute only 13 percent of the city's population, but they comprise 18 percent of the low-income renter households. . . ." "Unemployment among black people in Los Angeles runs twice the rate for the county as a whole."

3. "In South Central itself, the median annual household income is $20,000, barely half the $38,000 median income for the county as a whole, and 17 percent of the households have incomes beneath $7,500, compared with the county-wide figure of 7.6 percent."

4. "[T]here [are] only 11 supermarkets in South Central, one for every 40,000 people, whereas South Central would have had 22 supermarkets if it merely had the average for Los Angeles as a whole, and would have even more if it had as many as are in the white neighborhoods."

5. "[T]here are only 53 bank branches in all of South Central, whereas there would be more than twice that number

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73. At the same time, however, the scale of the underclass problem should not be overstated. According to the General Accounting Office:

[R]egardless of how they define the term, most experts agree that the urban underclass comprises a relatively small percentage of the population. . . . [S]ize estimates range from less than 2 million, based on the able-bodied persistently poor in urban areas, to 5.6 million, based upon census tracts with high poverty concentrations. The number of residents in census tracts with high concentrations of families headed by women, school dropouts, welfare dependents, and jobless men is 2.5 million. The highest estimate of the U.S. urban underclass accounts for 13 percent of the nation's poverty population and 3 percent of its total population.


if South Central had as many banks per person as does the rest of Los Angeles. . . . [T]he banks and S&Ls [in L.A.] make fewer loans in the lower-income and minority neighborhoods than in the city as a whole, [even when differences in income are taken into account]."

(6) "There are fewer manufacturing jobs in South Central than in Los Angeles County as a whole: one for every 19 people, in contrast to one for every 14 county-wide. South Central lost 70,000 manufacturing jobs from 1978-1982 alone."

(7) "The Los Angeles Unified School District is growing by 15,000 students a year, crowding the system so much it had been forced to bus children across town, resort to a year-round schedule, spill over into temporary trailers and jam classrooms with as many as 37 students per teacher. More than half of the students are from families with incomes low enough to qualify for free meals, and a third of the students—up from 7 percent a decade ago—have limited English."

(8) "[O]nly 20 percent of the residents could afford the median priced home, which sold for $210,850 in 1991. The average asking rent rose to $690 in 1990, an increase of 139 percent from 1980, during a decade in which median family income rose only 85 percent. . . . HUD's fair market rent for a two-bedroom unit is $804 in Los Angeles County and $900 in Orange County. . . . A mother with two children on welfare receives $663 a month . . . ."

(9) "Forty-two thousand families live in garages illegally converted into living spaces . . . . Every night, 20,000 to 30,000 people are homeless [in Los Angeles], and over the course of a year 100,000 to 175,000 persons are homeless for some period."\footnote{75}

III. TWENTY-THREE YEARS OF NATIONAL URBAN POLICIES

A. The Nixon Years

National urban policy has been a concern of the executive and legislative branches of the federal government since 1969, when President Nixon created a National Goals Research Staff to lead the executive branch's efforts to "project future trends—and thus to make the kind of informed choices which are necessary if we are to establish mastery over

the process of change."\textsuperscript{76} Appointing Daniel Patrick Moynihan, his chief urban advisor, as executive secretary to the Council for Urban Affairs "was a signal [to the nation's mayors] that central cities would be the focus of [a Nixon] urban policy."\textsuperscript{77} The Council's charge was to develop "coherent, consistent patterns" of activities that the national government should encourage or discourage in responding to the urbanization of American life.\textsuperscript{78} Against a backdrop of urban riots, racial discrimination, a growing fiscal division between cities and suburbs, and a seeming inability of state and local political institutions to respond to these problems, Moynihan summarized his analysis of the major urbanization issues confronting the nation to the following ten points, that seem equally as relevant today as twenty-three years ago:

1. Poverty and social isolation of minority groups in central cities.
2. Enormous imbalances between urban areas and in programs that affect them.
3. Inadequate structure and capacity in local government.
4. Fiscal instability in urban government.
5. Lack of equality in public services among jurisdictions within metropolitan areas.
6. Migration of people displaced by technology, and from central cities to suburban areas.
7. Inadequate structure and capacity of states in their indispensable roles in managing urban affairs.
8. Ineffective incentive systems to encourage state and local governments and private interests to help implement the goals of federal policy.
9. Lack of adequate information as well as extensive and sustained research on urban problems.
10. An insufficient sense of the finite resources of the national environment and the fundamental importance of aesthetics in successful urban growth.\textsuperscript{79}

President Nixon proposed a "national growth policy" in his 1970 State of the Union message, and Title VII of the Housing and Urban Development Act of 1970\textsuperscript{80} formalized the executive branch's responsibilities in this area by requiring the President to deliver a biennial report


\textsuperscript{77} Id. at 186.


\textsuperscript{79} Id. at 254.

on urban growth. Stimulated by the previous decade's mass migrations from rural and small-town America to the nation's major metropolitan centers, which floundered in their ability to manage this growth, coupled with a belief that concerted national action could dramatically change the settlement patterns and the urban landscape, the Nixon urban growth policy featured the concept of "[a] national program of new city-building [that] would capture a good share of population growth and would also have strong symbolic value in recasting the image of what cities should be like."\(^{81}\) A new communities-centered national urban growth policy was fostered by the work of a blue-ribbon panel that had enormous faith in the ability of the federal government to stimulate the private sector to create ten new towns which would become a blueprint for an entirely new urban fabric.\(^{82}\) In retrospect, the new communities policy was poorly timed because people began leaving the cities in droves long before the building could begin.\(^{83}\)

**B. The Ford Urban Policy**

Although it was never formally unveiled, in anticipation of an election victory in 1976 the Ford administration did draft an urban policy that would "put the urban back into urban policy."\(^{84}\) Organized around the concept of "targeted New Federalism,"

[t]he policy called for targeting more federal money to dis-

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82. According to Orlebeke:

The rough arithmetic of the most enthusiastic new communities proponents went as follows: "If we allocate one-half of the coming 100 million people to existing peripheral growth around existing cities and 10 percent to small towns and farms, the remaining 40 million would require the building of 20 cities of one million people each and 200 new towns of 100,000 each." More modestly, the National Committee on Urban Growth Policy, in making its own recommendations, simply sliced the goal in half to ten big new cities and one hundred smaller ones.

*Id.* (quoting William E. Finley, *A Fresh Start, in THE NEW CITY* (Praeger 1969)).
83. According to Franklin James:

1970 represented a watershed in U.S. patterns of population growth. Before that year, population migration was from rural areas to metropolitan areas, contributing to the congestion problems identified by the [C]ongress. Following 1970, a mounting number of people left the cities and suburbs for nonmetropolitan areas—as part of a process of demographic and economic decline that accelerated as the 1970s progressed. This shift was unanticipated and rendered the 1970 urban policy obsolete overnight. . . . Between 1970 and 1980, twenty of the fifty-six largest US cities experienced population declines of more than 10%. By contrast, only six US cities had such declines during the previous decade.

84. Orlebeke, *supra* note 76, at 197.
tressed areas by revising the distribution formulas for general revenue sharing and other block grant programs. Tax revision was also proposed which would encourage housing rehabilitation and central city redevelopment. Although the policy statement did not promise any new spending, it did advocate a countercyclical "kicker" to the Community Development Block Grant program, which, if enacted, would have sent an additional $900 million to cities with high rates of unemployment. 85

Shortly after the 1976 election, the focus of national urban growth policy shifted permanently from a concern with broad patterns of urbanization to the growing problems of America's cities. Title VI of the Housing and Community Development Act of 1977 amended the 1970 legislation by dropping the word growth and requiring the President to issue a biennial report on urban policy in February of even-numbered years beginning in 1978, 86 and expanded the scope and content of the policy to include energy conservation, population distribution, and tax base considerations. 87 In that same legislation, Congress declared that the national urban policy should be action- and interventionist-oriented, stimulate economic growth in communities of all sizes and regions, combat rural and urban poverty, and better orchestrate the delivery of federal programs. 88

85. Id.
87. Id. at 1143.
88. Specifically, 42 U.S.C. § 4502(d) declares that the national urban policy should:

(1) favor patterns of urbanization and economic development and stabilization which offer a range of alternative locations and encourage the wise and balanced use of physical and human resources in metropolitan and urban regions as well as in smaller urban places that have a potential for accelerated growth;

(2) foster the continued economic strength of all parts of the United States, including central cities, suburbs, smaller communities, local neighborhoods and rural areas;

(3) encourage patterns of development and redevelopment which minimize disparities among States, regions and cities;

(4) treat comprehensively the problems of poverty and employment (including the erosion of tax bases, and the need for better community services and job opportunities) which are associated with disorderly urbanization and rural decline;

(5) develop means to encourage good housing for all Americans without regard to race or creed;

(6) refine the role of the Federal Government in revitalizing existing communities and encouraging planned, large-scale urban and new community development;

(7) strengthen the capacity of general governmental institutions to contribute to balanced urban growth and stabilization; and

(8) facilitate increased coordination in the administration of Federal programs to encourage desirable patterns of urban development and redevelopment, encourage
C. The Carter Urban Policy

President Jimmy Carter took office midway into a decade that witnessed a reversal of fortunes in America’s great cities. HUD’s index of “resident need,” which included data on poverty, unemployment, and income growth, confirmed the decline of large cities during the 1970-80 decade:

As of 1970, this index was significantly higher compared with the [U.S.] as a whole in only three of the fifty-six big cities: Newark, New Orleans, and El Paso. By 1980, twenty of the big cities showed such high levels of resident needs. If distressed cities are defined as those suffering both high resident need and rapid population loss, then no big U.S. city was distressed as of 1970, [but] fourteen of the fifty-six big cities met such standards for distress by 1980.89

In a speech to mayors during his 1976 campaign, President Carter recognized the growing urban problem and made a commitment to doing something about it:

I think we stand at a turning point in history. If, a hundred years from now, this Nation’s experiment in democracy has failed, I suspect that historians will trace that failure to our own era, when a process of decay began in our inner cities and was allowed to spread unchecked throughout our society.

But I do not believe that must happen. I believe that working together, we can turn the tide, stop the decay, and set in motion a process of growth that by the end of the century can give us cities worthy of the greatest Nation on earth.90

Carter repudiated the suburban-oriented Nixon growth policies that “subsidized the out-migration of middle income people and business from existing facilities in cities.”91 Carter’s Administration’s urban policies were premised on the belief that a growing number of America’s cities were “finding it increasingly difficult to fulfill their historical roles as symbols of choice, hope and opportunity; places where millions of foreign immigrants and native-born Americans have sought to better their own lives and secure a brighter future for their children.”92 The thrust of

the prudent use of energy and other natural resources, and protect the physical environment.

89. James, supra note 83, at 31.
90. Id. (quoting President Carter).
91. Id. at 32.
this administration's policies was to aid people and cities in distress by

- expanding targeted job programs to create more jobs for the long-term unemployed;
- increasing housing assistance programs to provide improved housing for many low and moderate income households;
- restructuring the Community Development Block Grant-program to focus on the most needy cities, neighborhoods and people;
- initiating the Urban Development Action Grant program (UDAG) to encourage public and private investment in the nation's distressed cities;
- strengthening the countercyclical public works program and extending anti-recession fiscal assistance;
- reforming and strengthening equal opportunity and affirmative action efforts.\(^93\)

Recognizing that the federal government lacked the means to tackle all the problems of the cities, the Carter Administration declared its intent to foster a new partnership among the states, local governments, the private sector and individuals. Carter's 1980 national urban policy report confirmed this commitment to work in partnership "to strengthen urban economies, improve job opportunities and job mobility for the long-term unemployed, promote fiscal stability, expand opportunity for those disadvantaged by discrimination and poverty, and encourage energy-efficient and environmentally-sound patterns of urban development."\(^94\) In order to limit unnecessary federal activities that competed with the goals of the urban policy, an impact analysis of new or significantly changed nonurban programs of the federal government was also proposed.\(^95\) The major legislative thrust of this wave of Carter urban policy was in the economic development area through programs that would make "grants, loan guarantees, and interest subsidies available to private firms investing in distressed communities."\(^96\) This would have been carried out by the National Development Bank, had Congress approved its creation as proposed in 1978.\(^97\)

In contrast to the ambitious inaugural urban policy report that was backed up with an $8.3 billion package of budget proposals, the Carter Administration's 1980 urban policy report was "heavy on administrative

\(^93\) Id. at P5-P6.


\(^95\) James, supra note 83, at 33.

\(^96\) EXECUTIVE SUMMARY, supra note 94, at 4.

\(^97\) Id.
tinkering—interagency agreements, guideline revisions, improved criteria for measuring urban impact and the like—and light on actions that cost money."98

D. The President’s Commission for A National Agenda for the Eighties

In October 1979, President Carter founded the President’s Commission for a National Agenda for the Eighties to advise the next President and a new Congress on a wide range of policy issues, including national urban policy. In what Charles Orlebeke refers to as a “painful footnote” to the Carter urban policy record,99 the report of the urban panel on metropolitan and nonmetropolitan America forcefully rejected the Carter Administration’s place-oriented urban policies that “bond[ ] the underclass to locations of limited opportunity.”100 “In the oversimplified terms of the ‘people vs. places’ debate, it was people who mattered.”101

The President’s Commission favored policies to promote national economic growth without regard to their impacts on distressed cities, and programs to help the disadvantaged wherever they reside. It urged the American people to be “skeptical of narrowly defined, local economic development efforts, which have been associated with the promise of restoring vitality to a wide variety of local communities as if each were a self-contained entity.”102 Concluding that “the principal role of the federal government should be to assist communities in adjusting to redistributional trends,”103 the panel urged the next President to balance urban policies so that “[p]eople-to-jobs strategies, whether by retraining or relocation or both, . . . receive the same degree of emphasis that is now reserved for jobs-to-people strategies.”104 A more place-neutral urban policy would focus on “upgrading the unskilled through manpower development efforts so that existing local job opportunities can be exploited, by removing barriers to mobility that prevent people from migrating to locations of economic opportunity, and by providing migration assistance to those who wish and need it.”105

98. Orlebeke, supra note 76, at 198.
99. Id.
101. Orlebeke, supra note 76, at 198.
102. URBAN AMERICA IN THE EIGHTIES, supra note 100, at 5.
103. Id.
104. Id.
105. Id.
E. The Reagan Urban Policy

By essentially adopting the Carter commission's proposals, the Reagan Administration's 1982 urban policy report repudiated the Carter Administration's policies that targeted federal assistance to distressed cities. While its National Economic Recovery Program—featuring "tax cuts, reductions in the rate of federal spending, regulatory relief, and monetary restraint to restore economic vitality to American industry and create jobs for workers"—was largely consistent with the recommendation of the President's Commission for a National Agenda for the Eighties, the Reagan Administration ignored the Commission's call for programs that would implement the necessary "people-to-jobs" strategies of such a place-neutral urban policy. 106

The first Reagan urban policy report also proposed a new kind of federalism that would shift decision-making responsibilities for urban-oriented programs from the federal to state governments. Under this new arrangement, more than thirty grant-in-aid programs would be folded into a new state-administered block grant. 107 In a related theme that was not picked up in subsequent reports, it argued that central city fiscal problems were caused by "arbitrary boundaries and inadequate state and metropolitan fiscal equalization policies" rather than by federal cutbacks, and called for cities and suburbs to consider forming a metropolitan government or adopting some form of revenue sharing. 108

Subsequent Reagan Administration urban policy reports steadfastly held to the belief that "'a healthy economy . . . is our most powerful tool for revitalizing our cities and improving their fiscal positions.' " 109 However, while the 1984 report noted that "[o]ur cities and urban areas are, in general, reaping the benefits of the nation's economic turnaround," 110 by 1988 the Administration acknowledged that economic recovery would not be enough for certain cities with long-term structural problems. The 1988 urban policy report identified a litany of urban problems that had worsened even while the national economy was growing: (1) high unemployment and skill deficiencies among youth and the disadvantaged; (2) illiteracy and high dropout rates in public schools; (3) alarming numbers of teenage pregnancies; (4) a high incidence of single-

107. THE POTOMAC INST., METROPOLITAN HOUSING MEMORANDUM 82-2, at 1 (1982).
108. Id.
parent households headed by poor women; (5) neighborhoods with high concentrations of the poor and disadvantaged; (6) housing programs that lock the needy into neighborhoods without jobs or access to jobs; and (7) inadequate provision for occupational or geographic mobility for workers displaced by rapid structural change. The Administration's major response to these problems was its controversial proposal to create a series of Enterprise Zones in distressed cities to stimulate private investment.

The 1988 urban policy report also identified the primary cause of severe urban distress, namely, "the proliferation of single-parent families, ineffective schools, and drug addiction and crime." The report also expressed the Administration's frustration with the fact that these problems seemed "to resist simple economic and fiscal success." The report repeated the administration's previous calls for an Enterprise Zone legislation and recognized the need for other refinements in urban policy that emphasize "measures to reinforce family stability, especially among those with low incomes, and increase family options to obtain jobs and educational opportunities."

F. The Bush Urban Policy

The 1990 national urban policy report strongly critiques the Johnson Administration's war on poverty and claims that the "Bush Administration is making the boldest, most comprehensive effort of the last quarter century to address the problem of long-term poverty, by expanding opportunity, jobs, and homeownership, and increasing the quality of education for low income Americans." According to Department of Housing and Urban Development (HUD) Secretary Jack Kemp, "one major defect of the first war on poverty was its failure to make proper and effective use of the incentives on which private enterprise relies to reward work and achievement." In contrast, the Bush Administration's new war on poverty would empower residents of distressed communities by eliminating "governmental and nongovernmental barriers to opportunity in America—to expand choices for the poor so that they can make their own decisions and control their own lives."

112. Id.
113. Id.
114. Id.
116. Id.
117. Id.
Empowerment, according to the 1990 report, "is neither wasteful extravagance nor austerity, neither increasing government dependency nor laissez-faire abandonment of those in need. Instead, empowerment and opportunity require that government build incentives to work, save, and to create enterprise in its strategy of waging war on poverty."

The Bush Administration's new war on poverty, which Jack Kemp has also referred to as America's second Civil Rights revolution, contains nine program elements:

1. Expanded refundable tax credits for child care.
2. Capital gains tax cut.
3. Enterprise Zones.
4. Assistance to low income tenants of public housing to manage and eventually own their own homes.
5. Job training improvement proposals.
6. Encouragement of state and local innovations in the design of assistance programs to promote self-reliance and transition from dependency to self-support.
7. Government construction opportunities for unemployed workers through relaxed Davis-Bacon provisions.
8. Reduction of de facto discrimination in the housing market by examining the effects of local rent control and zoning regulations, and challenging them where necessary.
9. Reduction of unfair taxation of senior citizens who want to stay in the work force through a modest liberalization of the Social Security earnings test; and tax relief for low-income families through increases in child credits and wage credits for low income workers in Enterprise Zones.

G. The Clinton Urban Agenda

It is still too early to determine the parameters of the Clinton Administration's national urban policy. Nevertheless, the Clinton/Gore vision for America contained in their campaign publication, Putting People First, previews an ambitious urban agenda. In founding its urban program on a national economic recovery—"To rebuild America's cities, the most important thing we can do is to implement a national economic strategy that pulls us out of the recession"—the Clinton/Gore urban strategy sounds similar to the initial Reagan urban policy. Unlike Reagan, however, Clinton/Gore would combine stimulative anti-recession-
ary investments with substantial federal initiatives designed to expand inner city investment and job opportunities. Under a Clinton/Gore urban policy:

The federal government should create conditions conducive to economic recovery through a national economic strategy, targeted incentives and grants designed to revitalize the urban economy, and measures that empower city residents to take advantage of newly created opportunities through expanded education, job training, and child-care services. In return for federal assistance, the cities will adopt comprehensive strategies leading to revitalized urban centers; take advantage of opportunities created by the federal/municipal partnership to attract business and expand the urban economic base; and play a key role in the empowerment of urban residents as the primary provider of education, housing, and crime prevention.¹²¹

To put Americans back to work while enhancing productivity and economic competitiveness, Clinton would target federal funding and local Community Development Block Grant (CDBG)¹²² spending to rebuild roads, bridges, water and sewer treatment plants, and to build low-income housing.¹²³ He would embellish the Reagan Enterprise Zone initiative with additional incentives for companies who hire inner-city residents.¹²⁴ To restore the flow of credit to urban areas, Clinton recommends more aggressive enforcement of the Community Reinvestment Act, which requires financial institutions to invest in their inner city communities, and more rigorous training of federal bank regulators that will enable them to identify redlining and other prohibited lending practices.¹²⁵ To stimulate small business start-ups, cultivate the entrepreneurial spirit, and revive inner city economies, Clinton would create a network of community development banks, which are community-based depository institutions that provide affordable credit along with technical assistance to low-income businesses.¹²⁶

The Clinton program also emphasizes human capital development and rewards individual initiative and family responsibility: "No matter how hard we work to make the federal/municipal partnership a success,

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¹²¹ Id. at 54.
¹²³ Clinton & Gore, supra note 120, at 55.
¹²⁴ Id.
¹²⁶ Clinton & Gore, supra note 120, at 55.
we will make no progress unless individuals take responsibility for their
own lives, working tirelessly to overcome challenges and solve problems
in their families and communities." 127 Putting People First calls for an
expansion of job training programs funded in part by employers who
would be required to spend 1.5% of their payroll for continuing educa-
tion and training of their work forces. 128 Recipients of large federal con-
tacts also would be required to create a mentorship, after-school
employment, or summer employment program for urban and rural dis-
advantaged youth. 129 By significantly expanding the Head Start and Wo-
men, Infants and Children (WIC) programs, and increasing the Earned
Income Tax Credit to ensure that no families that work full-time remain
in poverty, the Clinton Administration would invest heavily in America’s
children, with stricter education and training requirements on people re-
ceiving public assistance, so that welfare is "a second chance, not a way
of life." 130 Finally, in what may be the most significant departure from
previous administrations’ urban agendas, the Clinton/Gore plan also em-
braces education and health care reforms, without which neither the
economies nor the livability of cities can possibly be restored.

IV. NATIONAL URBAN POLICY: A FLAWED CONTENT
OR CONCEPT?

If the Carter counter-cyclical urban policies can be criticized for
their view that our older cities’ "decline in economic competitiveness is
temporary, and therefore to be combated with temporary economic stim-
ulus," 131 the Reagan macroeconomic urban policies can be faulted for
ignoring the unique problems of our large cities altogether, mistakenly
assuming that a rising tide would lift all boats. The Bush/Kemp urban
policies changed that approach with strategies to strengthen inner-city
communities. The aim was to empower the poor through a kind of "op-
portunity capitalism" featuring the ownership transfer of public housing
and other asset-building initiatives. The potential effectiveness of these
narrow place-based policies, however, are limited by the absence of any
larger domestic investment strategy to improve either America’s compet-
itiveness or her cities.

After almost a quarter century of biennial national urban policy re-
ports, there has been little serious analysis of the impacts of the various

127. Id. at 54.
128. Id. at 56.
129. Id.
130. Id.
policies and even less consideration of the policy process itself—how reports are prepared and their recommendations translated into action agendas. The limited literature on the subject, however, confirms the pessimistic view of a former high-ranking HUD official that “[a]lthough urban policymaking and report-writing should not be equated, the irrelevance of the President’s Report is a fitting metaphor for the state of explicit urban policy.” Orlebeke and others attribute the failures of past comprehensive national urban policies to five factors: (1) the intractable nature of urban problems; (2) organizational disarray at HUD; (3) the problems coordinating programs across federal agencies; (4) the limits of federal authority; and (5) the lack of sustained presidential leadership. Each of these issues is discussed briefly below.

### A. The Nature of Urban Problems

Evidence abounds that our nation is paying a heavy price for “cramming the poor into constricted center cities while suburbia maintains its walls of segregation.” Nevertheless, nearly twenty-five years of national urban policy efforts lead us to conclude that “[t]he inescapable reality of urban problems is that they don’t easily lend or commend themselves to the political attractions of national action.” Notwithstanding the unpopularity of an urban agenda, Paul Ylvisaker believes that urban problems are nationally pervasive, threatening and consequential, and thus compel us to action. He argues that the price we will pay for ignoring the problems of cities and the education and training needs of central-city youth—a generation too precious to waste—is a permanent loss of economic competitiveness. President Clinton’s newly appointed economic policy czar, Robert Rubin, shares this sentiment; he has stated that the urban underclass represent “an enormous albatross around the economy” because they impose such high costs on the rest of society and represent a loss of human potential and productivity. And, pointing out that there “are things the private sector won’t do that need to get done” and that “government must play an active role,” Rubin would seem to support some kind of national urban policy.

132. Orlebeke, supra note 76 at 185.
133. Peirce, supra note 1, at 22.
135. Id. at 348.
137. Id.
Another conclusion we can draw from our experiences is that, quite apart from its technical soundness, an urban policy that targets a disproportionate share of federal resources to a limited number of distressed cities and their residents cannot be sustained politically. In a retrospective analysis of the failure of the Carter urban policy, which he helped craft, Franklin James concludes that the geographic targeting of urban aid "had the effect of virtually eliminating support for urban policy from the southern and western regions,... [and that] programs targeted to the disadvantaged are highly vulnerable in political terms."\footnote{James, supra note 83, at 35.}

Targeted programs are more likely to be strong politically when they serve low-income and moderate-income working families as well as the very poor. They are also more likely to succeed when they are regarded as providing an earned benefit or are otherwise linked to work, when they are entitlement programs with federally prescribed and funded benefits, when they seem effective, and when they are not provided in the form of cash welfare assistance for young, able-bodied people who do not work.\footnote{Christopher Jencks & Paul E. Peterson, The Urban Underclass 438 (1991).}

Analysis also suggests that

"if there is one lesson we have learned from all the evaluations and research that has been conducted since the War on Poverty began, it is that service programs that provide limited benefits to many people, although politically popular, are not effective in responding to the problems of the most seriously disadvantaged."\footnote{Id. at 457 (quoting Isabel Sawhill).}

James's analysis of the Carter urban policy suggests that the political vulnerability of targeted programs not only confronts voter opposition, but also faces reluctance by local politicians to concentrate assistance on the severely disadvantaged, hard-core poor.

\[E\]fforts by the Carter administration to target CETA benefits to highly disadvantaged persons, though initially supported by the Congress, may ultimately have backfired by weakening city support for the program. Cities benefitted from loose targeting in the early years of the CETA program because it enabled them to use much of the resources from the program for fiscal relief. Tighter targeting precluded them from hiring the kinds of workers needed for many civil service positions. The erosion of city support was one factor contributing to the demise of the CETA program during the early years of the Reagan
B. Issues Internal to HUD

Urbanists, including academics who have served at Department of Housing and Urban Development (HUD), believe that national urban policies have failed largely because of issues relating to the structure, mission, and effectiveness of HUD, the government agency that historically has taken the lead in urban policy development. Three types of failings have been identified. First, from its inception in 1965, HUD was not given control over federal responsibilities and resources of vital urban significance. Excluded from HUD's portfolio, for example, were poverty, environment and transportation programs, and even the housing programs administered by the Department of Agriculture and the Veterans Administration. Moreover, from the beginning, HUD has been required to pursue the incompatible goals of housing and cities. According to two architects of the 1978 Carter urban policy, "[t]he more powerful side of HUD—the housing side—legitimately is concerned primarily with housing production, housing market trends, and housing developments in suburbia; the urban policy side of HUD, generally is concerned with restraining decentralization trends and its perceived corollary suburban housing production." Unable to agree on its own mission, "consistency concerning urban policy or programs at any one point in time has been more the exception than the rule [at HUD]." Lacking a consistent philosophy, HUD has been largely unable to marshall support from other agencies in pursuit of national urban policy objectives.

Political scientist and former high-ranking HUD official Robert Wood with Beverly Klimkowsky have identified seven traditional measures of federal organizational effectiveness: (1) prestige in the eyes of the Washington power community, (2) the extent of intradepartmental competitive or complementary behavior, (3) the comparative power of clienteles, (4) the relative complexity of programs, (5) the clarity of legal jurisdiction over assigned program responsibilities, (6) the degree of expertise acknowledged in the department's work, and (7) the relative frequency of presidential and congressional intervention in program management and the department's work. Wood and Klimkowsky also

141. James, supra note 83, at 35.
143. Kaplan & James, supra note 3, at 358-59.
144. Id. at 358.
145. Wood & Klimkowsky, supra note 142, at 257.
concluded that "by nearly all of these standards, HUD fares badly."\(^{146}\) HUD lacks prestige; is plagued by intra-agency feuding; and lacks legal jurisdiction over important city/suburban fiscal land use, and civil rights issues.\(^{147}\) HUD's lack of clout and prestige is summed up in the words of a former local official who became a HUD assistant secretary:

I used to think the Secretary of HUD was equivalent to a Cardinal, guaranteeing an invitation to the Pope. Big deal! When you get over to Washington, you realize that the Secretary of HUD is the low person on the totem pole. It's the least important Cabinet position and no one really cares what they think about anything. They don't participate in any of the inner Cabinet Committees.\(^{148}\)

Finally, Anthony Downs attributes much of HUD's ineffectiveness to an "'iron law of political dispersion'" that results in many programs receiving money in such small allocations as to insure that national program goals cannot be met.\(^{149}\) Downs does not blame HUD for all of its limitations because he believes that the agency is "an ineffective symbolic gesture of concern" that was designed to fail. "'He contends that it was never meant to succeed—instead, it was intended to show concern, alleviate some problems, but not to change the tide of urban problems or alter the direction of underlying economic and social forces.'"\(^{150}\)

C. Interagency Coordination

From the beginning of the national urban policy process in the Nixon Administration and extending through the Carter years, it was recognized that the breadth and scope of federal policies with urban implications spilled beyond HUD's walls, and that some interagency entity would have to be created to formulate and implement these policies. For multiple reasons, including interagency competition, the lack of sustained backing from the White House, and the fact that agencies are more responsive to their own "iron triangles"—comprised of congressional committees, constituent groups and agency bureaucrats—than to a loosely organized, ad hoc interagency organization, none of these vehicles worked.

In the Nixon Administration, the institutional vehicle for formulating and implementing urban policies was the Council for Urban Affairs;

\(^{146}\) Id.
\(^{147}\) Id. at 256.
\(^{148}\) Id. at 255 (statement of a former HUD assistant secretary of planning and community development during the Carter Administration).
\(^{149}\) Id. at 266 (quoting Anthony Downs).
\(^{150}\) Id. (quoting Anthony Downs).
the Council was composed of cabinet secretaries from eight domestic agencies. Daniel Patrick Moynihan, the President's Counselor on Urban Affairs, was appointed Executive Secretary of the Council. Charles Orlebeke, a former HUD official in the Ford Administration and chronicler of the national urban policy process, notes "how the search for broad policy can be quickly overwhelmed by the pressures of ad hoc decision-making, the unavoidable complexity of the policymaking machinery, and the competition among executive agencies"¹⁵¹ so that the coordinating mechanism cannot maintain a disciplined focus on urban concerns. He asserts that "the frustration associated with these forces was part of the reason the Nixon Administration, in effect, gave up on national urban policy at midterm and shifted to advocating a radical restructuring of domestic programs along New Federalism lines."¹⁵²

While he never had a chance to implement his urban policy, President Ford created a Cabinet Committee on Urban Development and Neighborhood Revitalization which was chaired by HUD Secretary Carla Hills in 1977, whose mandate was to "develop an urban policy to guide the hoped-for second term."¹⁵³ Jimmy Carter's approach to the coordination issue was similar to Ford's. "Upon taking office, Carter formed a cabinet-level Urban and Regional Policy Group (URPG) to formulate an urban policy." However, according to Franklin James, a participant in the process, "[n]either the President nor the White House staff provided effective leadership for the effort."¹⁵⁴ As a result, "[t]he URPG process quickly became dominated by agency competition for ad hoc proposals rather than by thoughtful consideration of problems or policy."¹⁵⁵

Formal interagency coordinating mechanisms were absent in the Reagan and Bush Administrations, for different reasons. In Reagan's case, national urban policy was defined as the Administration's national economic recovery program (i.e., there was no explicit urban policy). The Bush Administration's narrow urban policy featuring the privatization of public housing could be implemented exclusively by HUD.

D. The Limits of Federal Authority

In addition to the above limitations, there is a limit to executive branch authority. The federal government does not always have a grip

¹⁵¹. Orlebeke, supra note 76, at 191.
¹⁵². Id.
¹⁵³. Id. at 197.
¹⁵⁴. James, supra note 83, at 31.
¹⁵⁵. Id. at 32.
on the policy levers necessary to effectuate desired changes. Despite massive resident income differentials between cities and suburbs and the resulting fiscal capacities, the President cannot impose a metropolitan form of government upon these entities or force them to create tax base sharing systems. Nor can he direct suburban communities to eliminate all land use control and regulatory barriers to the production of affordable housing in their metropolitan areas. While Congress has the power to redistribute income through the tax system to ameliorate central-city income deficits and can use carrots and sticks to encourage states and localities to "do the right thing," the political will to do so has been lacking.

The Carter urban policy, the most aggressive of all national efforts to deal with urban problems, failed, in part, for the above reasons. According to James:

The Carter urban policy committed the federal government to solving fiscal and economic problems of cities, despite the fact that states had the principal powers shaping these dimensions of the well-being of cities. ... States have the land use planning and regulatory powers needed to control urban sprawl or to limit undesirable suburban or nonmetropolitan competition with cities ... [as a result,] the implementation of the urban policy repeatedly placed the federal government in the no-win position of intervening in bailiwicks such as highway planning where states had more power and where states did not share federal goals. ... The Carter urban policy was developed without significant state participation and was implemented largely independent of the states. In part, as a result, significant state actions in support of the policy were few and far between.156

Accepting the limitations above, the federal government can still act more aggressively to enforce existing civil rights laws, including fair housing, and to see to the provision of affordable mortgage financing and access to commercial credit. The Clinton Administration already has committed to act in these areas.

E. The Lack of Sustained Presidential Leadership

When all else fails, presidential leadership can often save the day. Aside from presidential pronouncements on the importance of cities, however, no national urban policy has received the kind of sustained presidential support that is required to assure its implementation. Indeed, to the extent that the literature deals with this subject at all, it is

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156. Id. at 35.
replete with references to presidential indifference at best, and, at worst, outright hostility to the ends and means of their administrations' urban policies. For example, President Nixon tried to constrain HUD's activities and, "when it became apparent that [HUD Secretary] George Romney was successfully implementing the Democratic program contained in the Housing and Urban Development Act of 1968, [he] replaced him with James Lynn, whose job was reputed to be to shut down HUD."157 Arguing that the high costs of federal housing assistance threatened to mortgage the nation's future, Nixon imposed a moratorium on all federal low-income housing programs and impounded nearly $13 billion of HUD appropriations.158

President Ford paid relatively little attention to HUD's urban agenda during his limited tenure, while Jimmy Carter significantly enlarged the agency's portfolio by greatly expanding the Section 8 housing program. Carter's administration was the first to fulfill the congressional mandate for a comprehensive national urban policy report, but he is reported to have kept such a careful eye on HUD's activities that it evoked "formal secretarial protests."159 And while Carter's urban policy and the "accompanying budget proposals added up to an impressive rhetorical commitment to address the economic and fiscal problems of older central cities," he "telegraphed his ambivalence when at the last moment before the policy's public release, he nearly withdrew large parts of the budget proposals."160

Ronald Reagan's mistaking his own HUD Secretary for a mayor is a metaphor for his administration's eight years of indifference to urban problems. And although the Bush Administration's urban policy was directed by the HUD Secretary, it was not until the Los Angeles riots in April 1992 that the President actively promoted Jack Kemp's public housing conversion and empowerment policies.

Two questions emerge from the above analysis. First, does the rather dismal record detailed above support the continuation of the President's biennial urban policy report? Second, assuming that an important national purpose is served by paying special attention to urban problems, what part of the executive branch should be responsible? With respect to the former, those who have studied the subject concur with Paul Ylvisaker's comment that "the question is not so much whether we have a national urban policy ... ; it's basically the challenge whether as a

158. Id.
159. Id.
160. Orlebeke, supra note 76, at 198.
nation we're going to struggle explicitly with the problems the urban agenda represents."\textsuperscript{161} "[W]hat is needed," says Ylvisaker, "is a national commitment and a readiness to consider all sorts of national policies (tax, employment, industrial development, education, training, etc.) in terms of their impact on the special problems of central cities."\textsuperscript{162}

In reflecting on this issue at the end of Reagan's second term, which they saw as disastrous for central cities, Marshall Kaplan and James argued that the political climate would not support an explicit urban agenda, and that "the best way to help cities could well be to encourage those fostering national domestic policy reforms to factor in city concerns."\textsuperscript{163} In a "grab what you can" urban strategy, they urged city advocates to "try their best to gain the best possible deal they can from the new nonurban policies and programs likely to evolve through the Bush Administration and Congress."\textsuperscript{164}

With the election of Bill Clinton on an investment-oriented platform of "putting people first" that features an explicit urban agenda, it would be a mistake to call for the elimination of the President's biennial urban policy report. However, Norman Glickman, Kaplan, and James, among others, are right that the totality of nonurban federal policies and programs have, and will probably continue to have, greater impact on cities than do explicitly urban policies.\textsuperscript{165}

Because the Clinton agenda for the cities has been drawn broadly to include education and health care policies in addition to the traditional urban concerns, the placement of responsibility for urban policy is especially crucial in this administration. Clearly, as in previous administrations, the biennial urban policy report needs to be drafted under the auspices of some kind of interagency task force. Also, if we are to take James's criticism of the Carter process seriously, to the extent that implementation of the President's urban agenda will require the active cooperation of other governmental levels, states and localities should be invited to participate in the policy formulation process.\textsuperscript{166} The same applies to the community sector.

The Clinton "Putting People First" plan clearly views urban policy as a subset of an expansive, investment-oriented domestic policy. There-

\textsuperscript{161} Ylvisaker, \textit{supra} note 134, at 348.
\textsuperscript{162} \textit{Id.} at 348-49.
\textsuperscript{163} Kaplan & James, \textit{supra} note 3, at 356.
\textsuperscript{164} \textit{Id.}
\textsuperscript{165} NORMAN J. GLICKMAN, \textit{ECONOMIC POLICY AND THE CITIES: IN SEARCH OF REAGAN'S REAL URBAN POLICY} 2 (Lyndon B. Johnson School of Public Affairs Working Paper No. 26, 1984); Kaplan & James, \textit{supra} note 3, at 356.
\textsuperscript{166} James, \textit{supra} note 83, at 34.
fore, the logical chair of the urban policy taskforce is the President's assistant for economic policy. This is a new position created by President Clinton "to coordinate economic matters the way the President's national security adviser oversees foreign affairs." Only by assigning the urban policy responsibility to a senior White House official who has the ear of the President on a day-to-day basis can interagency coordination be maximized, and the principles of opportunity, community, and responsibility—the building blocks of Clinton's urban agenda—be put into practice in our nation's cities.

V. ALTERNATIVES FOR A NEW NATIONAL URBAN POLICY

There are essentially three alternatives for designing the next generation of national urban policy that have a firm footing in Clinton's ambitious "Putting People First" campaign that, if implemented, could significantly improve urban conditions. The first, which I refer to as the competitive city strategy, emphasizes macro-level investment policies in the physical and human capital required to improve America's competitiveness, while conceding the importance that cities play in today's knowledge-based economy. This strategy anticipates significant new federal spending of at least $80 billion over the next four years. The second approach, which I refer to as a community development strategy, decouples national urban policy considerations from macroeconomic policies, anticipates few new major federal spending initiatives to improve productivity, and concentrates on finding ways to improve the quality of life in depressed cities and neighborhoods within existing resource constraints. This approach recognizes the considerable housing and economic development successes that community-based organizations have enjoyed in inner cities across the country during the 1980s, and recommends policies to accelerate their progress during the 1990s. The third approach, a blended urban policy strategy, appreciates the continuing importance of cities in today's global economy, takes specific account of the spatial implications of macroeconomic policies and productivity-enhancing capital investments, and utilizes the strengths of the community sector to rebuild the physical and human capital of urban America.

A. The Competitive City Strategy

Emphasizing macroeconomic and fiscal policies to improve national economic performance, this Clinton national urban policy will reach fur-
ther than the President’s Commission for a National Agenda for the Eighties by formally recognizing the importance of cities in today’s knowledge-based economy. This strategy would attempt to close the investment gap between America and her global competitors who, throughout the 1980s, “invest[ed] more than twelve times what we spend on roads, bridges, sewers, and the information networks and technologies of the future.”

The prizes in this knowledge-based economy are “the headquarter functions and the related clusters of producer services that finance and serve them. They will locate in the places that can provide them with the kinds of labor forces, services, facilities, and amenities they need to function most effectively.”

A national urban policy that focuses on improving America’s global competitiveness cannot ignore the people and places left behind. At least two elements of the Clinton domestic agenda are relevant here. The first of these is an ambitious defense conversion program that would “ensure that the communities and millions of talented workers that won the Cold War don’t get left out in the cold.” Second, without an adequately trained labor force, economic growth will grind to a halt, and demographics suggest that by the turn of the century a substantial portion of all new entrants into the labor force will be non-white, non-native born residents of major cities. Economic policies that ignore the plight of our central cities also ignore the monumental costs that such benign neglect implies for both the public and private sectors. Royce Hanson summarizes these quite well:

Alongside the underclass, feeding on it, and sucking resources from the mainstream, there is in every considerable city a flourishing underground economy. The traffic in drugs, vice, stolen property, illegal gambling, and other crime can safely be estimated to exceed almost any other single industry in any city. The costs to the public for operation of the criminal justice system, other public services and facilities, and revenues not collected on illegal transactions represent a major part of a city’s budget. The costs to the private sector in security, insurance rates, losses in goods and productivity, and the opportunity costs of billions of dollars invested in criminal enterprises rather than in the mainstream economy are monumental. To these financial costs, we should add the cost of lost public confidence in institutions resulting from corruption of public offi-

170. Id. at 143.
172. Clinton & Gore, supra note 120, at 144.
The urban component of a national growth strategy would be anchored in campaigns to improve the quality of tomorrow's labor force. This means heavy emphasis on education reform at all levels, including fully funding Head Start and the WIC program, and promoting other programs "which help[ ] disadvantaged parents work with their children to build an ethic of learning at home that benefits both." It could also include new initiatives for community college, vocational and technical training of non-college-bound young people, and a youth conservation corps or other enterprises to prepare inner-city youth for future employment in the private labor market. It would certainly include welfare reform since welfare does not cure poverty and the current system contains serious work disincentives. Decent-paying job opportunities must be available for welfare recipients who are willing and able to work, and since those who work their way off welfare lose Medicaid benefits, welfare reform must be accompanied by health care reform. This strategy would also upgrade the importance of a host of recently enacted, but poorly funded, family self-sufficiency programs that were built into the 1990 National Affordable Housing Act. These programs seek to tie the receipt of federal housing assistance to the recipient's willingness to improve her education and employability. Thus far, however, Congress has failed to appropriate funds for the crucial services components of these self-sufficiency programs.

A competitive cities strategy also would require the federal government to eliminate barriers to mobility, both within metropolitan areas and across states. Mobility enhancing programs range all the way from the federal government standardizing AFDC benefits—that currently range for a family of three from 16% of the poverty level in Alabama to 75% of the poverty level in Connecticut—and assuming their full costs, to a more aggressive enforcement of fair housing laws, and to the creation of programs that assist black and other minority inner-city families to move to the suburbs where the jobs are.

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173. HANSON, supra note 171, at 11-12.
174. CLINTON & GORE, supra note 120, at 60.
B. A Community Development Strategy

An alternative approach to national urban policy would examine ways to strengthen communities and improve life opportunities for poor and minority families in the worst sections of cities regardless of macroeconomic policies and the state of the national economy. This approach would take the position that, while national policies that succeed in fostering high rates of economic growth are better than those that do not, experience shows that the fruits of economic growth do not automatically benefit distressed cities, neighborhoods, or the poor. Moreover, ghetto communities have become poorer, more racially concentrated, and more isolated than they were a decade ago when policy analysts debated whether national urban policies should emphasize so-called ghetto enrichment or integration strategies. In practical terms, such strategy's time may already have passed. For these reasons, even if the Congress were to emphasize deficit reduction over national investment to a much greater degree than Clinton preferred, Clinton's Administration should still consider pursuing a national urban policy that works to improve the quality of life in poor communities, regardless of the specifics of national economic policies. This approach requires a community development-based national urban policy.

I use the term community development to refer to “efforts to improve the overall quality of life in a low-income neighborhood through such initiatives as housing renovation, refurbishing of streets and public places, upgrading of public services, promotion of community identity and pride, job training and social services for community residents, and political advocacy.” This is consistent with the Clinton/Gore intent that “[c]ommunity groups and local citizen organizations will be the backbone of our urban improvement efforts.” A community development-oriented national urban policy would give formal recognition to the growing network of nonprofit, community-based organizations that have worked tirelessly to improve the quality of life in depressed cities and sections of cities since the 1960s, and especially through the Reagan-era cutbacks in domestic programs. In the pre-Reagan days of the 1970s, it is estimated that fewer than 250 community-based nonprofit organizations were involved in development activities. By the late 1980s, a national survey estimated the number of such entities to be in the range of


180. CLINTON & GORE, supra note 120, at 54.
According to one source, community-based organizations have built nearly 125,000 units of housing, most of it for low-income families; developed 16.4 million square feet of retail space, offices, industrial parks, and other industrial developments in economically distressed communities where for-profit developers would not venture; and accounted for the creation and retention of nearly 90,000 jobs.

This approach to national urban policy argues that when community-based institutions determine how to spend the billions of dollars of existing federal resources for housing, community development, economic development and social welfare, and when they participate in program design to help traditional social welfare agencies become more committed to "bottoms up" planning and program delivery, there would be significant positive impacts on the quality of life in distressed communities. One example is targeting the $2 billion a year in public housing modernization funds that the Congress already appropriates to local public housing authorities to train inner-city youth in the construction trades. Another example would be to use federal laws such as the Community Reinvestment Act and the Home Mortgage Disclosure Act to stimulate a continual flow of financial capital into minority and other distressed communities; and to create a network of local community development banks in inner-city areas to support small business enterprise, microlending programs, etc. The Administration's proposal to create a City Assistance Flexibility Program to allow cities to redirect the use of fifteen percent of the federal assistance they receive to meet their own community priorities and fund their local revitalization strategies would further strengthen a community development-oriented national urban policy.

In short, the Clinton Administration should propose such a policy direction in the absence of new multi-billion dollar initiatives to improve our national economic performance. Without such capital intensive policies, the most direct means of affecting positive change in depressed, resource-poor communities would be expanding and strengthening the network of already existing indigenous, community-based organizations that "have the political and technical skills and the tenacity needed to pull together a complex array of resources needed to get projects done." This approach is premised on the belief that "[s]olutions to the

182. Id. at 1-2.
184. Id. § 2801 (1988).
185. NATIONAL CONGRESS FOR COMMUNITY ECONOMIC DEV., supra note 181, at 4.
economic and social problems of minority and low-income communities in the United States will continue to elude us as long as we ignore the reality that those who are experiencing the problems have little or no voice in designing solutions to those problems."\(^{186}\)

Having argued for a community development-oriented urban policy, there are two complementary approaches that the Clinton Administration should pursue. The first would strengthen and expand the kinds of mainstream community-based development organizations that have partnered with traditional public agencies and the private business community to create housing and economic development projects. The second approach would support the nascent concept of opportunity capitalism in the inner city that is being promoted by former HUD Secretary Jack Kemp and such organizations as the National Center for Neighborhood Enterprise. This concept emphasizes community self-help, home-ownership, and asset accumulation, including resident management and ownership of public housing, entrepreneurialism, and the creation of economic opportunities that are largely independent of traditional social service agencies and government institutions, the mainstream economy and traditional business institutions. Although it has been argued that no community or neighborhood is an independent entity, by emphasizing the creation and ownership of businesses by local residents to service their community, this approach to community development comes closest to endorsing that concept of community independence.

C. A Blended Strategy

A blended approach to national urban policy, and the approach I prefer, would recognize two links: those that exist between major national investment initiatives to improve America’s competitiveness and their impacts on cities, and those between macro investment policies and their implementation at the community level. In addition to being sensitive to the spatial impacts of national policies, a blended approach would emphasize the importance of the community sector in the design and implementation of local plans and projects as part of any large-scale national investment strategy. In practical terms, because the scale of national investment initiatives are likely to be modest, a blended approach would disproportionately emphasize the importance of the community sector in improving the quality of life in distressed communities. It would permit the administration to examine the potential benefits of extending the public/private partnership model—as a means of reaching

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consensus on community goals, agreement on institutional roles, and sustained support for civic action—to accelerate the reform of traditional housing and social service agencies and programs to promote community revitalization, family development, and economic self-sufficiency.

Under a blended strategy, the Clinton Administration would tackle what Hanson refers to as one of the greatest political challenges to the next generation of urban policymakers:

[T]he invention of politically acceptable means of strategic targeting of available resources rather than allowing them to become subject to the iron law of political dispersion, which gives wealthy cities resources they do not need to support development that would likely occur without policy inducements and provides inadequate resources to those places least able to help themselves.187

To conclude, the worsening problems of our cities are both cause and consequence of our declining position in the world economy. In order to reverse that decline, we must revitalize our cities and their people. A coherent national urban policy is a necessary component of a larger domestic strategy of “Putting People First.”

Although we have once again witnessed in South Central Los Angeles the explosive effects of the conditions that “‘breed despair and violence . . . : ignorance, discrimination, slums, poverty, disease, not enough jobs’”188—the same deadly mix that ignited Watts, Hough, the Central Ward, and other inner cities more than twenty-five years ago—we are reminded of Lyndon Johnson’s appeal to the higher moral purpose of our people. In his address to the nation on the riots of the 1960s, he argued that we should be motivated to action “‘not because we are frightened by conflict, but because we are fired by conscience. We should attack them because there is simply no other way to achieve a decent and orderly society in America.’ ”189

187. HANSON, supra note 171, at 24.
189. Id.