

THE STATE OF URBAN AMERICA

HEARING
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED THIRD CONGRESS
FIRST SESSION
ON
THE ISSUES OF THE CONDITIONS OF OUR NATION'S CITIES AND
URBAN COMMUNITIES ACROSS AMERICA SINCE THE RIOTS THAT OC-
CURRED IN LOS ANGELES 1 YEAR AGO

APRIL 28, 1993

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THE STATE OF URBAN AMERICA

WEDNESDAY, APRIL 28, 1993

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The committee met at 10:10 a.m., in room SD-538 of the Dirksen Senate Office Building, Senator Donald W. Riegle, Jr. (chairman of the committee) presiding.

OPENING STATEMENT OF CHAIRMAN DONALD W. RIEGLE, JR.

The CHAIRMAN. The committee will come to order. Let me welcome everyone in attendance today. This is a very important meeting of the Senate Banking, Housing, and Urban Affairs Committee. Today, we're going to take up the issue of the condition of our Nation's urban centers and the cities across America.

I just want to say at the outset, today is the day that those of us who are lucky enough to have daughters, are bringing our daughters to work with us so that they can participate and see this and take part in it. Senator Murray and I have the good fortune today to both have our daughters present. This is my daughter, Ashley.

Senator Murray, do you want to introduce your daughter who is with you?

Senator MURRAY. I'd be delighted to. This is my daughter, Sarah, who is accompanying me today to find out and to let other girls know that being a U.S. Senator is something they can do.

The CHAIRMAN. Exactly. And we are making progress.

[Applause.]

We're very happy to indicate that three of the new women Senators serving in the U.S. Senate chose to serve on the Senate Banking, Housing, and Urban Affairs Committee. We feel very fortunate that that is the case. Senator Carol Moseley-Braun, being one of those, is joining us right now.

I'm going to make an opening statement and then yield to my colleagues, and then we'll go to an initial statement from Congresswoman Maxine Waters. Then we'll go to the Secretary of Housing and Urban Development, Secretary Cisneros, and then our remaining witnesses, whom I'll introduce at a later time.

As I said, we're meeting this morning to consider the condition of our Nation's cities and urban communities. The health and the well-being of our cities is absolutely vital, not only to the millions of Americans who live and work in them, but also to the security and the well-being and the long-run future of our Nation as a whole.

It was 25 years ago that the National Advisory Commission on Civil Disorders, called the Kerner Commission, warned us, and I quote:

That our Nation is moving toward two societies, one black, one white, separate and unequal.

That ominous warning was reaffirmed last month, a quarter of a century later, in a report released by the Milton S. Eisenhower Foundation. The new report concluded that the prophesy of the Kerner Commission, in the words of the Eisenhower study:

Is more relevant today than in 1989, and more complex, with the emergence of multiracial disparities and growing income segregation.

This reality, I think, is starkly evident in the absence of jobs, the absence of adequate educational opportunities, of adequate medical care, or of decent, safe, and affordable housing in so many of our inner cities across the country.

As we convene this hearing on the eve of the anniversary of the violence and destruction which took place in Los Angeles last year, we are reminded by that event and others of the consequences of the despair and hopelessness and neglect that pervade many of our cities.

While our cities remain calm, and Los Angeles did after this year's announcement just a short time ago of the verdict in the Rodney King civil rights trial, it is clear that our urban communities continue to struggle each day and each hour with the effects of racism and economic decline and problems that have not been adequately addressed. It is important that these issues be addressed in a forceful and effective manner.

At the Federal level, I think we have an urgent responsibility to address the needs of our cities and all of our communities. I strongly believe that under the leadership of President Clinton and Secretary of Housing and Urban Development, Henry Cisneros, the new administration is changing the direction of this country and is pressing forward to find new answers and new resources to meet these urgent needs in our cities.

During my own tenure as Chairman of this committee, since 1989, we have made a concerted effort and progress, I believe, to address the challenge of reinvesting in America's communities. We worked in the last Congress to craft landmark legislation that encourages the Government-sponsored enterprises, the GSE's, as we refer to them, to become full partners in a renewed effort to invest in our communities. The GSE legislation marked the culmination of a series of steps by the Banking Committee to strengthen fair lending and community reinvestment laws.

In 1989, the committee expanded the Home Mortgage Disclosure Act. We did that in order to require banks and thrifts to disclose the race, sex and census tract of every mortgage loan applicant. Analysis of this data which we now have has led both the banking regulators and the industry to acknowledge that discrimination based on race is a serious problem going on today that must be addressed.

In 1989, we also strengthened the Community Reinvestment Act by requiring public disclosure of both ratings and data relied upon by examiners to arrive at these ratings, and more must be done.

In 1991, the committee strengthened fair lending enforcement by requiring Federal examiners to refer patterns of mortgage discrimination to the Department of Justice.

The committee is continuing to look at new ways to facilitate access to capital and community development lending. But efforts to make credit markets work for low-income people and for minorities and for residents of our inner cities are only one part of this committee's effort to promote reinvestment in our distressed communities.

In 1990, we passed the most comprehensive affordable housing legislation in over a decade, the National Affordable Housing Act, which created a promising new partnership among all levels of Government and community organizations to promote decent, safe, and affordable housing.

Last Congress, we enacted the Housing and Community Development Act of 1992, which included several new initiatives to revitalize urban communities, including: A demonstration program to provide a new source of financing for multifamily rental projects through credit enhancement programs operated by State housing finance agencies; The Youthbuild Program, which is a new initiative designed to help capable nonprofit organizations train, educate and employ disadvantaged youths in the construction and rehabilitation of affordable housing; legislation to strengthen the requirement that jobs and contracting opportunities created by Federal housing and community development programs go first to low-income people; legislative changes to spur activities like job creation and small business financing through the Community Development Block Grant program.

I'm sad to say, a very important enhancement in that program was in the jobs stimulus program of the President, which was thwarted here in the Senate, and that issue is still outstanding in the sense that those resources, I think, are needed, and we've got to continue to press to get them into our urban areas.

Finally, two others—the Community Investment Corporation program, which I authored to help rebuild distressed communities; and the Community Outreach Partnership Act, which is designed to facilitate linkages between communities and institutions of higher education, in order to solve local problems. This program, by the way, was modelled after the highly successful pilot programs operated by Michigan State University and by Wayne State University.

In addition to the efforts we've undertaken in this committee, we've also worked hard for the appropriation of \$500 million for enhanced Enterprise Zones for distressed communities. This funding, however, is contingent on the passage of authorizing legislation to create tax breaks for zones and to set out guidelines as to how Enterprise Zones can allocate increased Federal investment.

The necessary authorizing legislation was passed as an amendment to the revenue act and the urban aid bill last year, but, unfortunately, that bill was vetoed by President Bush. Despite all of our various efforts in this committee, in particular, and in the Congress in general, the Federal Government has not fulfilled its responsibility to adequately support our urban communities.

The consequences have been disastrous. I think we have got to reassert the Federal commitment to our Nation's communities and

develop a coordinated national urban policy which focuses on the enhancement and the strengthening of successful local initiatives.

The simple fact is we can't wait any longer. We can't wait and just continue to risk future improvements by not moving now and moving aggressively. We need a commitment at all levels. We need a Federal commitment, a commitment of the State and local units of government, but we also need the full partnership of the private sector and, most importantly, that of the citizens of this country.

When we decide to do something in America as a country, as a whole, we have the ability to break through the barriers and make it happen. We need that in this area. And so, the review today of both the Kerner Commission report and the Eisenhower Foundation report and the other important testimony we take, I think will bring this into sharp and clear focus.

This morning, we're honored to have with us to discuss and present the administration's urban policy, the Secretary of Housing and Urban Development, Secretary Cisneros. He will be followed by a second panel, which includes former Senator, Fred Harris, who was a member of the Kerner Commission, and Dr. Lynn Curtis, who is the president of the Milton S. Eisenhower Foundation.

I would also like to especially welcome Ms. Joanne Watson of the Detroit NAACP, from my home State of Michigan, and Mr. John Mack of the Los Angeles Urban League, and I want to just say a word about him before going to other members, and then Congresswoman Maxine Waters.

It was back in the late 1960's when John Mack and I were serving together in different capacities in Flint. I was a young member of Congress at that time, actually serving with Senator D'Amato in the other party. John Mack, who, of course, runs the Urban League now in Los Angeles, was doing so in my hometown of Flint, Michigan.

After the shooting of Dr. Martin Luther King and the terrible urban disorders that we had in Detroit and other places around the country, we were facing many of those same problems in Flint.

John Mack and I, over that quarter of a century ago, had the occasion to work together side by side to see if we couldn't address some of the issues in our community at that time and hold our community together across racial lines and keep things from turning into what we were seeing happening in other places. With the help of many others, we had some success at that in our town at that time.

But I must say to you, John, as I have watched you being interviewed on national television after the events in Los Angeles, and the plea that you have made, along with Congresswoman Waters and many others, to have this country wake up and understand what's happening, and the fact that there's a kind of war going on in our own society each day.

We can talk about wars overseas and there are a lot of trouble spots, as we know. But we've got a kind of an economic war and a crime war and other kinds of war going on in our own society and the community that you're coming to speak for today, and others across this country, and it's something we can do something about if we decide it's important enough and if we care about each other enough to lift this Nation up to higher ground.

I want to say to you particularly how much I appreciate your leadership 25 or so years ago, your leadership now, and what it means to me personally and emotionally just to have you here today and giving the leadership that you are providing in your current position.

So, with that, let me now yield, if I may, to Senator D'Amato.

OPENING STATEMENT OF SENATOR ALFONSE M. D'AMATO

Senator D'AMATO. Thank you very much, Mr. Chairman.

First of all, Mr. Chairman, let me give a special welcome to the two beautiful young women who are here with us, your daughter and Senator Murray's daughter. Indeed, they may even go further than being Senators. Who knows? This may be just the beginning. You shouldn't limit yourselves to just that as a horizon. But it certainly adds a special dimension to today's hearing.

Second, I have another hearing, so I'm going to ask that my full statement and text of my remarks be submitted for the record as if read in their entirety, so that we can get to Secretary Cisneros, because I am interested in hearing what he has to say. So I'm going to forego any speech and ask that this be put into the record so that we can get to that.

The CHAIRMAN. Thank you very much. And let me just say, in asking unanimous consent to put Senator D'Amato's statement in the record, that Senator D'Amato has been a great help in working on a bipartisan basis on a variety of urban and housing initiatives, and I appreciate that. The things we've done, we've been able to do with that cooperation, and it's greatly appreciated by me as Chairman.

Senator Murray, let me call on you first, if I may here, and then we'll go right down the list.

OPENING COMMENTS OF SENATOR PATTY MURRAY

Senator MURRAY. Thank you, Mr. Chairman. I am very much looking forward to this hearing. It may be by coincidence that it's take-your-daughters-to-work day, but it is no accident that our daughters and our sons are who we need to invest in the future. And reports such as we're going to be hearing this morning, looking at, and policies that we pass that not only allow our daughters to have any kind of career, but give them a healthy, safe, viable place to grow up in, will make the difference for this country in the future.

I think it's extremely important that we look at the issues that are coming before us and to understand that if we invest in our children and in our infrastructure, and offer them tremendous opportunities, we will have a great country in the future. I look forward to this hearing.

The CHAIRMAN. Very good. Senator Campbell.

OPENING COMMENTS OF SENATOR BEN NIGHTHORSE CAMPBELL

Senator CAMPBELL. Thank you, Mr. Chairman. I'll make my statement short, too.

Certainly, the problems of poverty, homelessness, crime, drug abuse, and the lack of education and health care in our inner cities

and rural communities are much more extreme than they were 25 years ago. Our families have become dysfunctional in many cases. Neighborhoods have become persistent pockets of poverty, violence, and decline.

I have to tell you that, as a youngster who was raised with many of those kinds of problems myself in a dysfunctional home where alcoholism and poverty were prevalent, it's one thing to talk about them; it's another thing to have to live the lifestyle. As I see these beautiful youngsters here, I'm very, very happy that they don't have to go through what many of us did as kids.

But certainly, the inner cities still have major, major problems. Some 100,000 kids are homeless on any given night. It's really amazing to me that we have the greatest Nation in the world, we can fly to the moon, but we can't give our kids a place to sleep at night.

We can win a war in Kuwait in 100 hours, but we can't save the fires from burning in Los Angeles. I think it's not just a problem that the inner cities face because I know that many Indian families on reservations face the same kind of poverty and the same kind of homelessness, too. I think we've tried to make some changes and put some emergency funds into aid packages to solve these problems, but it's very little and not enough.

I lived in California during the time that Proposition 13 passed. During that time, there were about 10,000 gang members in Los Angeles. Within 4 years, it's my understanding from the California Youth Authority, within 4 years, after Proposition 13 passed, the gangs went from 10,000 to 42,000, in just 4 years.

So, very clearly, we can pay now or we can pay later. And very often, I think in Government, we're often penny-wise and pound-foolish. We don't want to put resources up front because we're afraid somebody will get mad at us for raising taxes or spending money, when, in fact, if we don't put money into youngsters, we will simply end up making more prisons.

Our prison population—I know in our State of Colorado—is rising at about twice the rate of our college population. If you were to graph it, it's going up at twice the rate. At \$1 million a cell and \$28,000 an inmate to keep them warehoused in our Federal penitentiaries, we could send all those kids to Harvard cheaper than we're putting them into our prisons.

From my perspective, to simply refuse to put more resources into the places where we're having problems with youngsters, it's only going to make it much more expensive on the taxpayer at a later date when we have to keep building bigger prisons.

I look forward to the testimony of Secretary Cisneros and those people who are very well aware of our inner-city problems.

Thank you.

The CHAIRMAN. Thank you for that important personal statement, and those personal insights and observations.

Senator Moseley-Braun.

OPENING STATEMENT OF SENATOR CAROL MOSELEY-BRAUN

Senator MOSELEY-BRAUN. Thank you very much, Mr. Chairman.

I must say, I am a product of the inner city. I grew up on the southside of Chicago, as a matter of fact, lived all my life on the

southside of Chicago. And so, on the one hand, there is for me a real understanding of the issues that we will be discussing this morning, as well as, really, a memory of how I was when I was your daughter's age and Patty's daughter's age, when I knew that anything I wanted to be, I could be, and I could do anything. I just had to work hard and play by the rules and go to school and get a good education. The heights were not too high for me to achieve.

I think the most frightening thing that we face today is that there is a hopelessness in the inner cities in urban America, and young people, people your children's age, don't believe any longer, or all too often don't believe that they can achieve if they work hard and play by the rules and get an education and try. That is the most frightening single aspect of the legacy of the last 25 years.

Our cities have, for all intents and purposes, become cordoned off islands in which we've put too few resources to even reasonably be able to expect anything positive to emerge. And so, on the one hand, I am pessimistic. I am pessimistic that our decision making continues to give lip service to urban revitalization, continues to neglect the fundamental, the very obvious building blocks for what it takes to build an economy, to provide for job creation, to provide for educational opportunity, to provide an environment that is crime-free and that has decent housing, and in which people can thrive.

We've given lip service and we frankly have done precious little over the last 25 years. And indeed, from the time of the original Kerner Committee report, we have not only a society that is separate based on race, but separate based on wealth, the rich separated from the poor. And as we go through this process and, again, I don't want to make a partisan speech, but just last week, we went through voting on the President's stimulus package that would have provided some jobs in inner-city communities, summer jobs for teens, and educational assistance.

The cries that we heard missed the point all together, and from my perspective, would have continued the approach of the last 12 years, which has frankly worsened the conditions in the inner cities. And so, while, on the one hand, those are all reasons for pessimism, I am, I guess, perpetually renewed and encouraged by meetings and hearings like this. To have all these people in this audience here today, demonstrates to me, at least, that not everybody has forgotten the inner cities, that there is still a constituency for positive change out there, that we can have hearings like this and still excite the interest and the hopes of those who would see it better in urban America.

And that, I think, is the single most important cause for optimism that any of us can have. And as long as we continue to work on these issues and fight the problems, I believe we will have hope for these young people and for the thousands of others who are looking to us for leadership.

The CHAIRMAN. Thank you very much. Thank you for sharing that.

Senator Boxer.

OPENING STATEMENT OF SENATOR BARBARA BOXER

Senator BOXER. Thank you, Mr. Chairman.

Senator MOSELEY-BRAUN. I forgot. I didn't read my statement at all. I'd like to submit it for the record, Mr. Chairman.

The Chairman. Without objection, it is so ordered.

Senator BOXER. Mr. Chairman, I see you are graced today. It looks good. And I wonder where the other daughter is.

The CHAIRMAN. Well, she's 15 months old right now, my smallest one. So I'm sure she'd make a contribution, but it might come at a strange time.

[Laughter.]

Senator BOXER. But maybe next week.

[Laughter.]

I want to welcome your wonderful daughter, who I have the pleasure of knowing a little bit. And I want to really thank you for this opportunity. I can't add to the comments of my colleagues too much, but I'm going to just briefly say how glad I am to see this panel here with us this morning. Thank you for your leadership always on these issues.

I have to say a special word about a couple of people here that worked so hard during the Rodney King aftermath, the last civil rights trial and prior to that. Mr. Mack worked so hard. But I have to say that Maxine Waters is my heroine. She knows how I feel about her.

[Applause.]

No, I have to say this. I have to say this. This is a woman who understands what's going on, just as my colleague here does. This is a woman who took hope right onto the streets at a time when everyone else was doing it a little differently, having young people walk door-to-door, Mr. Chairman with a message of hope and love for the people that have so little hope and so little love. And so, I want to say that I wrote a little letter to the editor in our large paper in Los Angeles and they have not run that letter, which described how I feel about her. I wanted to take this chance to do that.

The disturbances in Los Angeles echoed what the Kerner Commission documented 25 years ago and what the Eisenhower Foundation just this year confirmed, that our urban families and our youths continue to struggle against the deadweight of poverty.

Whenever I'm in the State, I always go to high schools, Mr. Chairman, in the inner cities and the last time was the day before the Rodney King decision. I went into a high school in the inner city. I asked for questions when I finished. A very handsome African-American young man said, Senator, is America a racist county? That was his question.

And I said to him, it may have started out that way, but I think that the structures that we have built in now to our Constitution, with the amendments that have passed and the laws that we have and the fact that Rodney King is, thank God, to have a second chance at justice because of the civil rights laws that we passed. I don't think America is a racist country, but there are racist people in America and we have to make sure that we understand that distinction, and we must speak out against racism and injustice wherever we see it.

I think that I perked him up a little bit on that. But that's what our young people are thinking. And if you think you live in a racist

country and you're a person of color in this country, then you don't have hope because you feel inside that even if you did the best you could, it wouldn't make a difference, Mr. Chairman. And as my colleague said, if people feel the hope is gone, that's the end for them.

So I'm going to ask that I put my statement in the record and close in this brief period in this way. I'm a first-generation American on my mother's side. We never owned our own home. We had very, very little. But I always had hope and I always knew, without question, that if I played by the rules and I went to school and I did OK and I worked hard, it would be great. The American dream would be there and I could have a family and a house and children. And it happened for me, and I wound up here in this great body.

But if there's one thing that I owe to future generations, it is to make sure they have the shot, the chance. No one can guarantee success to anyone. No one should. No one should expect it. But you've got to guarantee the hope and the opportunity, and I think this hearing that you have called this morning gives us the chance to focus on the hope and the opportunity.

We've got to follow through because time is running out, Mr. Chairman. And I look forward to working with you and my fine colleagues on both sides of the aisle, as we address the problems of the inner city.

The CHAIRMAN. Thank you also for those important personal points.

Senator Bryan.

OPENING COMMENTS OF SENATOR RICHARD H. BRYAN

Senator BRYAN. Mr. Chairman, thank you very much.

Let me echo the sentiments of my colleagues in commending you on your leadership in convening this panel.

In the interest of time, with your permission, Mr. Chairman and the assistant chair who joins us this morning, I'd like to ask that my statement be made a part of the record and just indicate that I'm eager to hear our distinguished colleague in the other body and the very able Secretary who's about to make a presentation, and the rest of the panel.

The CHAIRMAN. Without objection, it is so ordered.

Senator Faircloth, did you have an opening comment?

Senator FAIRCLOTH. No, I do not. Thank you.

The CHAIRMAN. Very good.

Let me now call Congresswoman Maxine Waters forward. We're delighted to have you. Let me say at the outset that we appreciate your coming today and your prior testimony. We intend not only to put these issues in the middle of the radar screen, but keep them there. We need your help in doing that and the leadership that you have been giving and are giving today. So we'd like to hear your statement now.

STATEMENT OF MAXINE WATERS, U.S. REPRESENTATIVE IN CONGRESS FROM THE 29TH DISTRICT OF THE STATE OF CALIFORNIA

Representative WATERS. Thank you very much, Mr. Chairman.

Let me first start by thanking you for your care and your concern and your leadership. As I sat here listening to you and to other

members of this committee, my optimism and my hope grows. Despite the difficulty of these times and the crisis we now find ourselves in, when I hear you and the other members of this committee who have spoken this morning, I know that we can cure the ills of our society and invest in our cities. So I'm delighted to be here and I thank you so very much for this leadership.

And to my colleague from California, Barbara Boxer, I know the intensity that she feels on this issue and I know the time that she has spent, not only working with me, but the administration, to come up with initiatives. And I thank you for your words of commendation to me.

Barbara, working with the other members of this committee and the other members of this Senate and the House, I do believe we can conquer this problem.

So thank you all very much.

Mr. Chairman, thanking you and the committee for the opportunity to share with you a few of my thoughts on America's urban policy, 25 years after the Kerner Commission report and 1 year after the uprising in Los Angeles.

One year ago, I came before this committee to define for you the roots of our urban crisis. I talked about endemic unemployment and underemployment in our inner cities. I spoke of how companies were closing up shop and moving abroad, taking good American jobs with them. I described the damage done by 12 years of outright abandonment of our cities, yes, by Ronald Reagan and George Bush. I talked about how banks had redlined our communities and how the criminal justice system had failed us, and how racism was, alas, alive and well.

I could take this opportunity to analyze the response in the past year to the uprising in Los Angeles, in the wake of the first Rodney King trial. Really, though, what would be the point? As yet, we have seen no significant changes. The Federal response has been woefully inadequate. As for the prophetic Kerner Commission report of 25 years ago, I believe you can rip off the cover, substitute African American for Negro, and 90 percent of it would still ring true.

Twenty-five years ago, the report said, and I quote:

This Nation will deserve neither safety nor progress, unless it can demonstrate the wisdom and the will to undertake decisive action against the root causes of disturbances in our cities.

In 1971, the first African-American mayor of a major city, my friend, Carl Stokes of Cleveland, came before Congress to plead the city's case. We need help, he said, and we need it yesterday.

Mr. Chairman, that was 1971. We desperately need an urban policy. We need to take inventory of all the resources we have in the Department of Housing and Urban Development, in Labor, in Education, and other agencies. We need to separate out what works and what does not.

We have to identify the root causes of our urban crisis, economic, social, cultural and political. We have to invest in our cities and their people and in approaches that will expand opportunities in urban areas.

No great Nation allows its cities to deteriorate. None of our competitor nations permit the sheer level of destitution and hopelessness that is found now in our American cities.

I believe the administration is on the right track to its commitment to revitalize our cities, to take a fresh look at existing programs, and to invest in our human resources. I think the defeat of the stimulus package was tragic. It cost Los Angeles \$130 million in summer jobs, a revolving loan fund for inner-city businesses, transit monies, community development block grants, and millions more in immunization and highway construction funds.

My hope is that a new stimulus package will emerge to meet some of our city's most pressing needs. I have introduced an urban agenda designed to address some of our urban ills. My Urban Youth and Young Adult Empowerment initiative would target the hard-core 17- to 30-year-old males in our cities who are unskilled and without jobs.

Let me describe this person, usually a young man, living from girlfriend to mother to grandmother. You can't find him on the school rolls. The census-taker never caught up with him. If he's driving, yes, it's without a license. If he's bunking in public housing, you won't find his name on the lease. Yes, he has a record, misdemeanors if he is lucky, felonies, more likely.

These young men have given up on themselves and given up on us. But if we know what's good for him and for us, we'd better start paying attention. It won't be easy, but we have to begin to bring him and others into the mainstream.

My legislation would establish recreational programs to give these young men some alternatives to gangs. It would provide one-stop counselling on teen pregnancy and substance abuse, provide child care and health services. It would apply job-training monies to programs targeting this hardcore group, giving them small stipends while providing job training, basic life skills, and discipline.

When we put these young folks to work rehabilitating their own communities, offering them a sense of personal accomplishment, and helping the community, then we will be on the right track. Side by side with youth programs, we have to ensure that inner-city business people and home buyers and nonprofit development corporations have greater access to capital.

I'm sponsoring the Community Reinvestment Reform Act, which is designed to strengthen existing regulations against redlining and encourage greater lending in the inner city. I'm working with the administration on establishing a network of community development banks and already have introduced legislation to enact such a program, drawing on existing financial institutions, where possible, and setting us new mechanisms where necessary.

Mr. Chairman, in the days just prior to the recent verdict in the Rodney King civil rights trial, I was walking the streets of my district urging folks to chill, to be calm, that our problems would continue and that we had to continue to work for justice, whatever the verdict may be.

In this letter that I distributed to 350,000 households, I told people, we must let the world know we are not going anywhere. This is our city and our community. We've got to make it right. We've

got to build, not burn. We've got to live, not die. Every day, I told them, brings a new opportunity and a new possibility.

Mr. Chairman, thanks to the efforts of many, and thanks to a just verdict, we did not see another uprising in Los Angeles. But we should not fool ourselves, however, into thinking that the Rodney King verdict changed much of anything on the ground in Los Angeles or in any other city.

If we don't act immediately to address these root causes, what will I and others be able to say to folks 6 months from now, or next year, when we have another of these hearings? What will we be able to say if there's no real progress?

In conclusion, I note there are some who will say, we can't afford not to help Russia with aid. After all, they say, they still possess nuclear weapons. That's all well and good, but let me remind you, charity really does begin at home and there's a ticking timebomb in our cities as well. It exists because of hopelessness and despair felt by a significant portion of our citizenry. We ignore it at our own peril.

Thank you very much.

The CHAIRMAN. Thank you.

Representative WATERS. Mr. Chairman, we sent a copy of the letter that Barbara Boxer described to some of the members, if not all, of this committee, and I've asked my staff to disseminate it again because I think it captures the spirit of what Ms. Boxer and I have been trying to describe.

Thank you very much.

The CHAIRMAN. Let me thank you for your statement and thank you for your leadership and for giving voice here today and every day to the people of your district who are crying out and asking for recognition of what the problems are and looking for the opportunity to change things for the better.

Your leadership is so valuable, I think, to the country, and through you, the men and women in your district are speaking and are presenting their appeal for justice and for fairness and for opening up this system in a way that we have not managed to do. I'm struck by the fact that you've got to have something to work with, though. You can't do this with the ends of your fingertips. We've got to have the resources invested.

You talk about assistance for other countries. Just in the area of nuclear weapons and the concern about those floating around in the old Soviet Union, this country found the money, our country found the money to build over 50,000 nuclear warheads, costing us hundreds of billions of dollars. Now probably 50 of those, had they ever, God forbid, had been fired off, would have destroyed life on this planet because of the nuclear winter problem.

We didn't stop at 50; we found the money to build over 50,000. And now we're saying we can't find the money for Community Development Block Grants. We can't find the money for summer jobs. We can't find the money for better housing or better education or to broaden the Head Start program, so kids get an opportunity to get started and have a chance in life. We don't have the money for that.

Well, the fact is we do have the money for that, and I think Senator Campbell said it right. We can either ignore these problems,

these human problems, and spend a lot more later, or we can spend a lesser amount and the right amount for the right things on the front end and help people get going in life in positive ways. We're not doing that. We're not doing that. We're not doing that in our inner cities.

Representative WATERS. That's right.

The CHAIRMAN. And we're turning our face away from it. The importance of this hearing today is to put these issues in front of the American people because we've got to engage the whole country in this issue so people understand that this is our country's problem. This is our country's future. There's no way to detach oneself from these issues. There's no way to wall off our cities or to wall off any part of our society and expect that somehow or another, it's not intimately connected to us because it is and it should be. I mean, we ought to be one country where everybody has a chance to get decent footing and all the basic things in life.

So, I appreciate your leadership and I guess I want to say to you as well, to you and to the people whom you represent and who you're speaking with, not to lose hope in this system of ours because this system of ours can respond. We have the wherewithall to do it and I think we're in the process of making a change in direction.

I do think the new President cares. He understands. So does the First Lady. I think the health care reform is part of that. But it's much broader than that in terms of an effort to sort of come in on these problems.

And I'll just finish by saying, when you look at the job stimulus program, here's Japan right now. They just decided they need a job stimulus program. So they're going to spend \$114 billion this year because their unemployment is all the way up to 2½ percent. Ours is up to 7 percent. It's much higher in Los Angeles and in Detroit and in Flint and other cities across the country.

So they're going to spend \$114 billion on job stimulus. They spent over \$90 billion on stimulus last year. So they're finding \$200 billion to spend in their society over a 2-year period of time and we're in effect saying, or at least the filibuster in the Senate was saying that we can't find \$16 billion. We can't even find \$12 billion because it was then scaled down by the President as an effort at accommodation.

Representative WATERS. Yes.

The CHAIRMAN. And so, we're saying, we just can't respond here. We can't do anything with the summer jobs. We can't do anything to get some of this infrastructure work going at a faster pace and so forth.

It's very ironic, it seems to me, that other countries are looking at these issues and are finding that they can respond and they are responding. We need to in this country, and we can.

I hope that you'll continue to speak with all the force that you can command because there are many of us that are listening and want to help and we're going to persist until we get a plan in place that will start to make a difference.

I think today, Secretary Cisneros will discuss the stimulus program, and the jobs program, and the Community Development Block Grant portion, which, as you say, would have made a big dif-

ference in Los Angeles because projects that are ready to go, such as building projects and economic development projects could now be well underway. Instead of just sitting, spinning our wheels, we could have those resources moving in there now. Clearly, it's time that that is done.

So before proceeding further, we have Senator Sarbanes here.

Senator Sarbanes, did you have an opening comment, and then I'm going to go to Senator Faircloth for his questions.

OPENING STATEMENT OF SENATOR PAUL S. SARBANES

Senator SARBANES. Only to say, Mr. Chairman, first of all, I welcome this hearing. I think it's an extremely important one. I apologize to Congresswoman Waters that I was not here to hear her statement, but I certainly will read it. And knowing Maxine over the years, I can imagine the power and strength and perceptions that were contained therein.

I'm very anxious to hear the Secretary. I hope I'll be able to stay for that. I may have to go in and out. But I think what we're doing here today is extremely important.

We've got to face these problems as a Nation. We've averted our gaze from them for too long and they've continued to worsen and fester. It's not a healthy society if we don't address the state of urban America. That's the sum and substance of it. I hope that this is the beginning of a major effort in that regard.

Thank you.

The CHAIRMAN. Let me say to everyone, and I'll try to set the example myself, because we've got a series of witnesses coming, including the Secretary and the others that I've mentioned, that I'm going to move things along as quickly as I can so that we have a chance to hear everyone and engage everyone as we need to.

Senator Faircloth.

OPENING COMMENTS OF SENATOR LAUCH FAIRCLOTH

Senator FAIRCLOTH. Thank you, Mr. Chairman.

Congressman Waters, I agree that the most serious problem in urban America today is the presence of a criminal class that has no intention, apparently, of working honestly for a living. Instead, they are terrorizing and stealing from those who do work.

When the verdict in the second King trial came in, there were so many police on the streets, that crime went down for 1 week in Los Angeles. CNN was filled with stories about thankful residents in South-Central Los Angeles—that's your district—who were glad for 1 week when the criminal element was held at bay with an overwhelming show of force.

The most important thing we could do to restore opportunity in urban America is to make crime illegal again and enforce it. Would you agree with that?

Representative WATERS. Well, first of all, let me not agree with your opening sentence where you said you agree, referencing my testimony that the problem was the criminal element that had no desire to work. I certainly didn't say that and I would not want the record to reflect that you were agreeing with me.

Let me just further say that, certainly, there is a criminal element in every community in America. Many of our young people,

because of hopelessness and despair, have turned to surviving in ways that are not excusable, but it is real.

We do have young people who are not in school, who are not working, who cannot find jobs in this recession. When you couple the problems of the recession with racism and discrimination and a changing society structurally, where we've had jobs exported to Third World countries for cheap labor, fewer and fewer people are able to find jobs, even people, oftentimes, with college degrees.

So, yes, we have a lot of young people out there. They're not all hardened criminals. Some of them have gotten in trouble and we need to invest in them. We need to mainstream them. We need to find ways by which to get them back into vocational training, to develop in some careers and skills that they have.

I know this to be true because I had a little job training program that was paid for with Wagner-Peyser monies that was operated in six public housing developments when I was in the State legislature.

Young people stood in line in the housing projects to enroll in the program. I discovered that they didn't oftentimes know what the job training programs were, but, for the most part, we have no job training programs that provide any support while people are in training. And Senator, I want to tell you, people who are hungry and homeless really don't sit in job training programs all day not knowing where their next meal is going to come from.

We can do some restructuring of JEPTA—that is, the Jobs Employment Partnership Training Act—or we can take some money out of the summer jobs training program and direct it toward this hardcore 17 to 30, to provide some stipends if they are in fact enrolled in vocational education or remediation.

You could perhaps take all of the resources of this country and try and place a cop on every corner. I don't think it's wise or cost-effective and, in the final analysis, you will never be able to have a prison system that will house everybody who will commit crimes as the recession, the lack of jobs and opportunity grows. So I suppose we have a basic disagreement about how to run America.

Senator FAIRCLOTH. We apparently do because you said that the loss of the stimulus package was a great disaster for the country.

Representative WATERS. Great disaster, Senator.

Senator FAIRCLOTH. I think it was a great leadership role in that we have to reduce Federal spending. We have seen \$2½ trillion go into, since 1965, into the so-called poverty program, different programs to benefit the less fortunate. And yet, we understand there are more today. We read, the statistics say there are more in this class today than ever.

When this country is borrowing over \$1 billion a day, going in debt, and the proposal is for increased debt, increased taxation will never bring us out of a recession. Increased taxation does not increase jobs. Increase taxation—jobs decrease. Increased taxation brings on a continued and extended recession.

Now you are not going to change the conditions in urban areas by taxing the country further into a recession.

Representative WATERS. Senator, if I may, and the Senator has asked us to be short in our comments. You cannot discuss the President's approach from a one-sided point of view. The President

talks about reducing the deficit in a very profound way. You have not alluded to that at all.

The stimulus package is a short-term injection of resources and investment in human potential in order to stimulate the economy. That approach is coupled with a reduction of the deficit.

So I think when you talk about it, you really do have to talk about both aspects of the President's approach to dealing with our problems.

I will agree with the Chairman of this committee who talks about our long-term investment in war and weaponry. And perhaps we have literally raped this economy of resources that should have been invested in our people. But given that we've made that mistake, we must try and regroup and talk about how we put people back to work. America wants to go to work, Mr. Senator, not only in inner-city areas, but in your district, in rural areas, in suburban areas all over this country.

The stimulus package does not only hurt my district in the inner city, it hurts your district and every other member's in this United States Congress.

Senator FAIRCLOTH. One quick final statement. You will never get people back to work by increased taxes and increased deficit.

Representative WATERS. Would you get them to work if you had a public works program where we said, some line up and fix this infrastructure. Come and repair this bridge. Come and help us put in a new sewer system. Would that create jobs, Mr. Fairchild?

Senator FAIRCLOTH. No. 1, my name is Faircloth.

Representative WATERS. Oh, excuse me. Please accept my apology, Mr. Faircloth. I did not mean to mispronounce your name. I looked at the tag wrong.

The CHAIRMAN. Let me just say, in terms of the exchange, I think the philosophic differences that exist on what needs to be done in this country in investing in our people and in our future are quite pronounced. And I think this last exchange is valuable because it helps illustrate the differences in point of view that exist.

I want to say one thing and then Senator Sarbanes asked for a comment, and then I want to go to Senator Murray. Our unemployment rate in the country right now is 7 percent, we say. The actual comprehensive rate, if you include the people that are working part-time that want to work full-time and can't find full-time work, and the discouraged worker category takes it up to about 14 percent in the country. It's much higher in your district. It's much higher in my State of Michigan.

We know for every 1 percent that we can bring the unemployment rate down, we can reduce the Federal deficit. We know the higher unemployment goes, the bigger the Federal deficit gets. And so, one of the most effective ways to reduce the Federal budget deficit is to put people to work. In fact, if we want to make the deficit bigger and bigger and bigger, if we put more people out of work, if we get the unemployment rate up to 20 percent, then we can really increase the Federal deficit.

But we want to get people off the sidelines and into the economic system and we want to get them through the racial barriers and through the other barriers that are keeping people from having the

opportunity to realize the potential that God gave them. It didn't come from some other place. We want to give people the chance to move ahead in life here in the United States of America. It's why we started this country. We didn't start it for some other reason. And we didn't say it was here in terms of the opportunities and the guarantees for some. We said it was for everybody.

Now we're struggling to try to make that real and we've had a lot of things along the way we've had to try to correct. But now we're up to a point where it's time for some economic justice in this country. We ought to commit ourselves to it, not just for ourselves or part of the society, but for the whole society.

There isn't any one person in this country that's any more important than any other citizen in this country. And so, we ought to have an approach in this country that's good for everybody and not just for some.

Senator Sarbanes, you wanted to make a comment, then I want to go to Senator Murray.

Senator SARBANES. Mr. Chairman, I just wanted to elaborate on one thing that Congresswoman Waters said because you made reference to philosophical differences, but it's important that the facts be very clear.

The President's budget resolution cuts spending by \$330 billion, in the overall. It then increases spending in order to fund the investment programs for the future of America to strengthen our economy through education and training, research and development, build our infrastructure. And this jobs program, which, unfortunately, went down in the Senate just last week for \$120 billion.

There was a net spending cut in the budget resolution of \$210 billion. This jobs program was paid for many times over in terms of deficit reduction. In addition, the President also called for some revenues so that the total deficit reduction, even allowing for these jobs programs and the investment program, is close to \$500 billion.

Every additional penny of taxes that the President is proposing, 70 percent of which will come from people making over \$100,000 a year, every single penny of taxes will go for deficit reduction and, in addition, there will be over \$200 billion worth of spending cuts to go for deficit reduction. So the jobs program is in the context of that overall economic program. And it's very important that that be understood, that those facts be understood.

Now we needed the jobs program to get out of this recession. We're not recovering from this recession. It's the most dismal performance in any post-World War II recession. The unemployment rate today is higher 23 months after the trough of the recession than it was at the bottom of the recession. We've never experienced that before in any post-war period.

The President put together a comprehensive economic program to address all aspects—the budget deficit, the investment deficit, and the jobs and economic growth deficit. And we really needed all of that program, in my opinion.

Now the President's been frustrated and thwarted from trying to come to terms with this. But the Congresswoman is absolutely right. In the great urban centers of the country, a job opportunity opens up—they opened a hotel in Chicago and they were going to

have just ordinary jobs, people started lining up at 3 o'clock in the morning. They had thousands of people standing in line in the cold weather trying to get a job.

The CHAIRMAN. Yes, a raging snowstorm. There were over 10,000 people standing in line for something like 150 jobs.

Representative WATERS. Right.

The CHAIRMAN. People are desperate for jobs. People want to work. You wanted to make a comment, and then Senator Kerry has joined us.

Senator Moseley-Braun.

Senator MOSELEY-BRAUN. I'll be very brief. Thank you, Mr. Chairman.

You're exactly right. I was in Chicago. I went out to the lines for the employment. They were opening jobs at the new Sheraton Hotel, service industry jobs, not the kind of real substantive, high-paying jobs, by and large, that you can support a family on. And there were lines of people that went almost a mile. It was phenomenal.

People want to work. And with regard to the exchange between Senator Faircloth and Representative Waters, one of the problems is that we wind up closing our ears to what the other is saying. Frankly, both of you are right on some points. Senator Faircloth, you're correct. Deficits will stop us from creating jobs, will stop our economy from growing, and that will just compound the problem that Representative Waters feels so strongly about and is testifying about today.

And certainly, taxing the country into 50 percent tax rates is not going to do it, either. More taxes is not going to help this economy grow to create jobs in the private sector. So in that regard, both of you really are, in spite of the heated exchange, in some regards, on the same side. She wants to create jobs; you want to create jobs.

The question becomes, how can we explore ways of achieving those ends? The fact of the matter is I believe the Chairman hit the nail on the head when he started talking about spending priorities, how we decide to spend the money and the resources that we have at our command.

When the Chairman talked about spending on nuclear warheads, the fact is, Senator Faircloth, we have welfare because there are no jobs. We spend money on welfare because we don't have jobs for people. We spend money on the jails because the people don't have hope.

These issues cannot be seen as independent of one another. They are the same. And so, the tax-paying middle class winds up paying one way or the other. I think that if this hearing does nothing else but give us some direction to find some way to make our spending more efficient, to make our use of resources efficient and effective and directed to the end that, again, I believe both of you are talking about—job creation, crime prevention, education, creating an environment and an economy and an ecology for a community that will allow for growth.

Everybody wants the American dream. Everybody wants a chance. That was kind of the point I think I tried to make in my opening statement. We have a responsibility not to just write off and try to cordon off a whole generation of Americans.

We cannot hire enough police to turn this country into a huge concentration camp in the inner cities. We had better find another way, a more efficient way of providing for our people. I think there are alternatives. And so, if we listen to each other and not just kind of divide up into camps in this conversation, I believe that those alternatives are out there.

The CHAIRMAN. I want to move along because we've got others that want to speak. Senator Kerry has joined us. Do you have an opening comment, Senator Kerry, and then I want to get to the Secretary, who is waiting.

OPENING STATEMENT OF SENATOR JOHN F. KERRY

Senator KERRY. Mr. Chairman, I do have an opening comment.

I've listened to this debate, if you will, or the miniature debate of the larger issue that faces us. I've got to tell you, I really react in a number of ways pretty strongly to it.

I understand where the Senator is coming from when he says we don't want to tax. We can't have a bigger deficit. But you know, we've got to get this right. This is drifting by us fast and dangerously. We're here, and Mr. Chairman, I congratulate you ten times over for having a hearing to measure where we are 25 years after the Kerner Commission.

How dare we forget, and I will never forget because I was in the middle of it in a number of different ways, the agonies of 1968, 1967, when our streets and cities were aflame and we saw the loss, not just of Martin Luther King and Robert Kennedy, but of Medger Evers, Malcolm X, and a host of others who died violently.

I keep hearing people say, well, we had these programs before and they didn't do any good. That is not true. That is just not true. Every measurement of every study will show you we cut poverty in America. We diminished significantly the number of people who couldn't get a decent meal, couldn't find a job. Head Start created a whole new entry level for kids. And talk to those kids today. Many of them are working and have jobs and so forth. I think it is just wrong for us to be ignorant about that. I mean, generically, as a country, to ignore that.

It wasn't that they didn't work; we cut them off. We got tricky early, the very trickiness that we now pay the price for in this budget. With all the games about figures, it truly didn't begin in the 1980's. It began when we tried to have the war in Vietnam and not pay for it.

That's when we began to face the confrontation with deficit and reducing these programs. It wasn't that the programs don't work. We stopped them before they were allowed to do what they do. And now, it is a question of money.

Now I hate paying taxes. I don't know any American who wants to pay taxes. Nobody wants to pay taxes. And sure, if you tax a lot at the same time that you're cutting everything, it has macro-economic impact. But it ain't free. Good programs don't come for nothing.

Now the fact is President Clinton has paid for this many times over. More than 200 cuts pay for what we were trying to spend on these programs. It is not irresponsible. It is a \$500 billion-plus reduction of the deficit over 5 years, with 200 cuts that twice paid

for the amount of expenditure we're trying to do to get this economy moving at the same moment that we have a recession.

In every recession since World War II, we've had a recovery that's produced more than 4 million-plus jobs. We're at 450,000 jobs in this so-called 2-year recovery. We're 3½ million jobs behind where we're supposed to be.

Now I say to the Senator, I don't want to go back to my citizens, who are as angry in Massachusetts about being asked to pay taxes as anybody else, and I certainly don't want to do it until we have cut where we can cut. But we have to do it. I know that. I can't be honest with you or anybody else in this country if I don't admit that we have to find some revenue. And if you measure what we're doing against any other industrial country in the world, we are raising less revenue in America to do these things than any of the people we compete against in the world who are cleaning our clock in the market place.

The Germans, the Japanese, pay more in total tax burden than we do when you add property tax, excise, sales and all the rest.

Let me just share a couple of things with you. I know I'm taking a moment here, but this is the most important debate we're going to have in this country and I just want to underscore a couple of things, if I may. Money is not the whole solution. I agree with that.

There's better administration. You can get rid of fraud. There's a lot we need to do. And President Clinton has talked about not creating a new era of dependency. He wants independence, people who can work. But money is part of the solution. And the Federal Government, if you look at the budget, in 1962, in the post-period of the Kerner Commission, we were spending about 15 percent of GNP as we began to address these problems on these kinds of programs—Head Start, child immunization, Women, Infant, Children programs.

By God, back then, we were ranked about sixth in the world in infant mortality. Now we're ranked 19th or 20th and they stop counting at that level. That's a disgrace for a Nation as rich as we are. For kids to have less of a chance of staying alive if they're born in southcentral Chicago or Washington than they are if they're born in Cuba or Costa Rica. That's the reality today. I don't accept that, Senator I don't think you want to accept that. But the fact is that the Federal Government has reduced its share of municipal government expenditures from 17 percent to 6 percent over the last 12 years. Money for housing in real terms has dropped by 82 percent. For job training, it's dropped by 63 percent. For community development, by 40 percent. For social service community block grants, by 40 percent, and it has dropped at the same time as we have dumped on the cities larger burdens and larger requirements by Federal mandate.

Now I think it's outrageous that people in America are now flocking to gun shops because they don't think that the police will be able to protect them. That's what's happening in this country. Fifteen years ago, we had three policemen for every violent crime in America. Today, we've got three violent crimes for every police officer. You want to talk about unilateral disarmament. We've been doing it here at home. And the reality is that it takes money to put those police officers on the street.

Well, we have a program. We passed it last year. And the President of the United States vetoed it. It's called the Police Corps. It put 20,000 kids in the streets and paid for their education at the same time. That gives you a stake in America.

I don't mean to go on and on about this, but I've got to tell you, we've got to get it right. And there are some basic realities about what we've got to do. We recognize our responsibilities to Russia and they are real. We recognize our responsibilities to the rest of the world. We've got to recognize our responsibilities to the kids in these inner cities who want a fighting chance. And somehow, if we're going to make real the notion that this is a country of equal opportunity, we've got to recognize that we are not close to that equal opportunity.

Now I think one of the most important things that's happened in the last few years is we've developed some consensus on a lot of these things—Enterprise Zones, letting people come out of the military and going directly into some of these cities to work and use their talents and skills so we don't lose them.

I think there are a lot of things we can do. But we're a long way from this goal, truly, of I think equal opportunity and we need some creativity. We need some spending in order to make some of these things happen.

Finally, if I can just say this as a final comment. I think we need the courage to admit that part of this tax problem and part of our unwillingness to make some choices on these priorities, frankly, and part of the central reason the cities have been neglected over these years is the feeling on the part of a lot of Americans that this is just basically a minority problem. It's a black problem. It's an Hispanic problem. It's a Korean problem. It's a Vietnamese problem. It's a new immigrant problem.

We need the courage in both of our parties to admit that the dialog on race over the last two decades has been an intellectual wasteland of exploitation, on the one hand, and a rationalization on the other hand.

I think one side has been willing to exploit fears and the other side has been willing to exploit resentments. And the result is that you get more fear and more resentment and more division, and that's not leadership and all of us know it.

Now if we're serious about urban problems, we've got to deal with racism in America. I say that to this Senator and to all of my colleagues. You can't brush aside any of the studies that document widespread discrimination in employment and housing. You can't ignore what the Rodney King verdict said to black Americans. You can't ignore what so many minorities already know about the differences in the treatment that they receive, not just from the police, but from cabdrivers, from shopkeepers, from personnel officers and from others. And I just think that unless we deal with this in the context of this, we're not going to be willing to begin to make some of these priorities. We're just not going to do it.

If we don't teach understanding, then others are going to teach hate. And if we don't teach unity, then others are going to teach division. And that is precisely what is happening in this country today on the subject of facing up to the responsibility of our cities. And you know, if you don't have a city, you're not going to have

a suburb. And you're not going to have anybody who can service that city or the suburb. Vice versa. They work together.

Now I've been into more of our communities in Boston where kids want to work. I was just over the other day at a settlement house. Every hand went up. How many of you want to work this summer? Every hand went up. How many of you worked last summer? The hands went up, because we had summer job money. I asked them, how many of you are going to work this summer? Not a hand went up because we didn't pass it the other day.

Now, I don't know. I'll tell you, unless we deal with this more realistically, I say this to not just the colleague sitting here, who is interested in this and I know would like to help respond somehow to it, we have got to invest in our cities. And we've got to try somehow to reach out to each other and understand the reality of what's going on here, because if we don't do that, then we're not going to be a Nation inspired by the notion of freedom that we've been inspired by.

We're going to be a Nation that's going to be politically and socially crucified on a cross of division and hate because of the way we are letting people have a choice that is no choice at all.

The CHAIRMAN. Senator Kerry, let me just, if I may, interrupt.

Senator KERRY. No, I'm finished.

The CHAIRMAN. It's such an important statement, but I must say as I look at the clock and I know who else we have to hear from today, and I want other members that may want to address something to Congresswoman Waters, to have the chance to do so.

I want to get to the Secretary as quickly as I can. We need to hear from former Senator Harris, reflecting back on the Kerner Commission. We have Ms. Joanne Watson here to speak and John Mack here to speak. And so, I want to get the body of our witnesses forward here as soon as I can without cutting anybody off because I think this goes to the central issue.

Senator KERRY. I thank the Chair for his time. I spoke too long.

The CHAIRMAN. No, but I think you speak from the heart and that's what we ought to be able to do here. Whatever differences we have—that's why we're here, to get at these things and not step around them any longer.

Senator FAIRCLOTH. Mr. Chairman.

The CHAIRMAN. Yes, of course.

Senator FAIRCLOTH. Just one quick thing. No. 1 there is \$940 million currently available for summer jobs now in the 1992-93 budget, that's readily available now. We could spend it tomorrow.

Another question. You mentioned we had to cut Federal spending, that we need to put more into the programs that we're talking about here today. With the exception of the military, and this would not take a minute, just run down the other Federal programs we can cut. The military, we faced that, we're going to cut. Now run down a list of the others.

Senator KERRY. I'd be happy to. I've advocated very strongly that there are a number of programs.

Senator FAIRCLOTH. What are they?

Senator KERRY. I put in a bill for—well, Supercollider, for one. The Space Station, a significant reduction on another. The mohair subsidy. A lot of the agricultural subsidies, tobacco subsidy—I'll

run down the list and I hope you'll vote for those cuts, Senator, because I'm going to be proposing them.

[Laughter.]

Senator FAIRCLOTH. Come on down. Come on down. What are your others?

Senator KERRY. Beyond that, Senator, let me just tell you something.

Senator FAIRCLOTH. Talk about big stuff. You're talking about mohair. That won't do it.

Senator KERRY. Absolutely. In fact, I'm going to tell you something, Senator.

Senator FAIRCLOTH. Come on down. What are you talking about?

Senator KERRY. Let me just say, you cannot get sufficient cuts on the discretionary domestic side of the budget to deal with our current problem that has been created mostly in the last 12 years, and most significantly in the first 6 years of the Reagan administration, when the Republicans controlled the Senate and the White House, when the budget went from a deficit of \$59 billion that Jimmy Carter left us, up to an annual \$229 billion, when the debt went from less than \$1 trillion up to the \$3 point plus trillion and now the \$4 plus trillion. So I'll tell you where the increase is and everybody knows it.

Senator FAIRCLOTH. Tell me where the cuts are coming from.

Senator KERRY. I'm going to tell you, Senator. \$750 billion of our \$1.5 trillion budget is on the entitlement side, and that is where your increase is. Your increase is in the Social Security, Medicare, Medicaid, and pensions. And the only way you can fundamentally get control of this is by reducing those.

Now everybody said, we don't want to touch Social Security. That leaves you Medicare and Medicaid, which is precisely what President Clinton is proposing to do. The most significant reduction, the only time you get your deficit curve coming down is when you get a health care plan for Americans, and that is about to happen.

You cannot do it, and it is short-sighted to do it, and we have been doing it for the last 10 years. Every year I've been in the U.S. Senate, now 9 years, we have cut domestic discretionary spending. We have not cut, we did not cut the military for years and we didn't deal with the entitlement side. That's where you get the savings, sir.

The CHAIRMAN. Gentlemen, let me just say, we're not going to settle the budget here and that's not really our purpose to debate that. And we can do that, but this really isn't the moment, if I may say so, respectfully. But, if I can, I think the points have been made on both sides.

Senator Murray, did you have anything, and then I want to try to move on through as quickly as we can here and get to the Secretary.

Senator MURRAY. Mr. Chairman, in the interest of time, I won't ask the questions I was going to. I just wanted to comment that I think my daughter is learning a lot more than career options that are out there today.

[Laughter.]

The CHAIRMAN. Senator Campbell.

Senator CAMPBELL. Well, I don't want to talk about the budget, but I'll keep my comments to under maybe a couple of minutes.

I was interested in the dialog that went back and forth between Senator Faircloth and my friend, Maxine.

Mr. Chairman, you don't know a person named Marlin Webb, but I'll tell you. He was a boy I met when he was 13 years old running with a gang in California. And I had just come back from the Olympics and he got interested in a sport I was in, so I took him to the gym with me and got him away from that gang for a while and he was doing well. He was starting to study. He was doing good in school and had a lot of potential if he wanted to stay in some kind of athletics.

I moved from California back to Colorado and I lost track of him. But I read with interest a couple of years later how he shot a man in the leg and was put in a reformatory. I got a letter from him just 2 weeks ago. If I had known this debate was going to go on, I would have brought that letter and read it to you. He's been in prison over half of his life now. He's in Folsom Penitentiary. He has a swastika on his forehead now, Aryan brotherhood tattoos on his chest and all over his arms.

I keep thinking when we talk about our inner cities whether we want to move toward more police—kind of a police state—controlling those things that are out in the streets, particularly in Maxine's district. We could do that if you want a police state, I suppose. But believe me, Marlin Webb is only one out of hundreds of thousands of kids that are going that direction because we won't get ahead of the curve and put resources into those youngsters, particularly in the inner cities.

Well, I guess probably, as good Senator Faircloth knows, it's costing us in California, \$24,000 a year to keep him in that State penitentiary. If it would have been a Federal pen, it would have cost \$28,000. You're paying that tax. I'm paying that tax. Every one of us is paying that tax. We could have gotten out of that in the case of Marlin Webb if there had been a little more direction and somebody to help him a little longer than I did.

We've got a million people in penitentiaries like that. Sooner or later, I think, as Senator Kerry has said, we've got to get a handle on this and recognize we've got to get out of the curve and put that money into youngsters in inner cities—whether it's in an economic stimulus package, even though some of those things were accused of being pork, i.e., gymnasiums. Well, I was a product of a publicly funded gymnasium and if I hadn't been, I think I would have been in a different kind of institution than this one. It would have had bars on the windows.

I'm a big supporter of putting money into youngsters, whether it's gymnasiums or swimming pools or whatever it is, if it's going to give them an alternative to being in those gangs in the streets.

Well, that money that we're spending on Marlin Webb and the other hundreds of thousands of youngsters like him, we could have got out of, I think, if we'd had a little more foresight. I just wanted to mention that personal story, Mr. Chairman I'd be glad to share that letter that I got from Marlin with you, if you'd like to see it sometime.

The CHAIRMAN. Thank you again.

Senator Boxer.

Senator BOXER. Mr. Chairman, in one minute, let me thank my good friend and colleague for being here today, and I want to thank my colleagues who engaged in this debate this morning.

I think that this debate is about the difference between the two political parties. It's clear. And guess what? The American people chose Bill Clinton over George Bush because they want change.

I want to set the record straight. My dear friend, Senator Sarbanes, said the jobs bill went down. It did not go down. Mr. Chairman, it was never voted on. A minority of the U.S. Senate stopped us from voting on hope. And that's why we keep coming back to it, because it is a minority. And when people say, well, Clinton's first 100 days, they didn't get everything they wanted.

He had the majority. The bill was blocked. I think there's something wrong with this system when a minority of the U.S. Senate can stop a bill from coming to the floor for a vote. If they don't like it, vote against it. Lead the fight against it. Have the guts to come to this hearing, like Senator Faircloth did. And I applaud him for being here. Argue against it. But, for God's sake, let the majority have a chance to show we can govern.

So thank you, Maxine, for all you're doing, and we're not going to quit.

Representative WATERS. Thank you.

The CHAIRMAN. Thank you, again. We appreciate very much your coming, your testimony, and your leadership.

Representative WATERS. Thank you very much, Mr. Chairman.

The CHAIRMAN. Let me invite now the Secretary of Housing and Urban Development, Secretary Henry Cisneros, to come forward and say we very much welcome the Secretary here today.

Secretary CISNEROS. Mr. Chairman, thank you very much.

The CHAIRMAN. We'd like your statement at this time, please.

Secretary CISNEROS. Yes, sir.

STATEMENT OF HENRY CISNEROS, SECRETARY OF HOUSING AND URBAN DEVELOPMENT, WASHINGTON, DC

Secretary CISNEROS. Mr. Chairman, thank you for convening this committee to address the critical issues of urban America 1 year after the uprising in Los Angeles. It's imperative that we reflect on what happened, what has been done since then, what we have learned, what needs to be done.

You're tackling important questions that will force us to pay attention now or pay for problems later in our country's life.

It is no surprise, of course, that you in this committee have once again asserted the leadership so necessary to confront the problems confronting urban America. No group of persons that I know, public officials in the country, have been more consistent or diligent in addressing urban problems than the members of this committee, and no public official individually more than you, Mr. Chairman. I've had the opportunity to follow your work for years and see its positive effects firsthand, and I compliment you personally.

The CHAIRMAN. Thank you.

Secretary CISNEROS. You've had the foresight to attack disinvestment with legislation challenging Government-Sponsored Enterprises, to reinvest in our communities through the increased pur-

chase of mortgages for low- and moderate-income families. You recognized the need for capital formation, helping to leverage funds from Fannie Mae, Freddie Mac, and pension funds. To attack discriminatory credit practices. You expanded the Home Mortgage Disclosure Act and strengthened the Community Reinvestment Act.

We all appreciate your continued commitment to restoring civil health and economic vigor to America's communities. I look forward to a strong working relationship with the members of this committee.

It's also a pleasure to follow Representative Maxine Waters, whose leadership in the last months in Los Angeles has been visible to the entire country, and I know that she personally put a lot of energy and time, personal capital on the line, walking the streets at a very sensitive time in the history of Los Angeles and of the country.

Mr. Chairman, less than 2 weeks ago, the entire country was on a kind of verdict watch, waiting for the outcome of the case in which the Los Angeles police officers were accused of using excessive force in the arrest of Rodney King. Would there be convictions? Could people believe that justice had been served? Would Los Angeles explode once again?

Since the trial ended, an uneasy calm has prevailed. Los Angeles and the country survived the trial, but in a very real sense, our country is still on trial. We have yet to get at the underlying conditions and causes that fed the hostility of the Los Angeles riots—the sense of isolation, disconnection, and despair that festers just below the surface of Los Angeles and other inner cities across the country.

I was in Los Angeles the day after the civil disturbances at the request of the members of the city council and Mayor Bradley last year. And what I saw there allows me to speak to you today with a greater sense of urgency and clarity.

It is clear to me that the white-hot intensity of Los Angeles last spring was the combustion of smoldering embers waiting to ignite. Like piles of dry wood with red-hot coals underneath, other American cities can ignite. Or maybe we'll just call ourselves lucky and they'll just keep smoldering.

Why are America's cities smoldering? Well, perhaps it's a matter of isolation. Our cities and neighborhoods have become more geographically segregated by race, class and ethnicity. Fifty cities of more than 100,000 persons now have populations that are majority African American, Hispanic, and Asian. Fifty large cities of greater than 100,000 population are now a majority Hispanic, African American, and Asian.

Detroit, Michigan, is 80 percent minority. It is the most segregated city in the United States. White populations have left, some seeking the advantages of the suburbs, some fleeing the deteriorated conditions in the city, the physical environment, and others escaping their fellow citizens, the minority population. The result is desperation, distrust, and poor populations left behind to fend for themselves in racial enclaves.

And then we ask—why are our cities smoldering? Well, perhaps it's a matter of the loss of economic function. Amidst larger global and national economic trends, cities no longer play the economic

role that they once did. Urban economies have been completely transformed from manufacturing, goods-producing engines of jobs they once were when, as in Detroit, 30 percent of the jobs were manufacturing-related jobs. Today, it's difficult to find a city where 15 percent of the jobs are manufacturing-driven.

The crisis of the cities is really a crisis of economic function. And we ask, why are our cities smoldering? Perhaps it has to do with the new face of poverty. Geographically isolated, economically depressed, racially segregated, cities have become warehouses of our poorest populations.

Today, more than 2 million families are poor, despite having an adult member in the household working full-time. One out of every five children in our country is born in poverty. One out of every three Latino children in America is born in poverty. And one out of every two African-American children, 50 percent, the same odds as flipping a coin, are born in poverty.

And then we ask, why are our cities smoldering? Maybe it has to do with the isolation of neighborhoods and the way people are forced to live. The economic crisis of the cities is exacerbated in poor neighborhoods so that low-income families do not have access to the necessities that others of us take for granted.

When people want to cash a check, they're forced to go to stores that often charge gouging rates. When they want to shop for groceries, they frequently have to travel miles to find a full-service supermarket. When their children go to school, the schools often are dilapidated, if not outright dangerous. And when they need a health clinic, they frequently have no substitute for the emergency room of the public hospital. For them, affordable housing is not a dream, but a nightmare. There are 4.1 million more potential low-income renters than there is affordable housing.

Now urban experts who review this litany of realities reserve their harshest criticism for the role of the Federal Government itself in reinforcing and exacerbating these terrible trends.

It is for that reason that it is so important that the kind of thinking you're bringing to the role of the Federal Government, its rules, its regulations, its assumptions, its procedures, is so critical. After the first 3 months on the job, the clearest observation I can bring you today is that the Federal Government itself must change its way of doing business in urban areas.

Let me give you some examples of where the Federal Government has made the problem worse.

Large public housing developments have concentrated the poorest of the poor in housing that is overly dense, ill-designed, badly built, and located in isolated, segregated neighborhoods. Example—The preference rules for tenants assure that those with worst-case needs are concentrated in such public housing and the income targeting rules enable only our very lowest-income families to be eligible for Federal housing assistance, impeding any economic mix, the kind that makes it possible to mix role models and working families with the very poor, the kind that is traditionally made in the New York Public Housing Authority, one of the better public housing authorities in the country because they were attentive to the economic mix.

Cost containment and other rules designed to try to economize have assured that when we do build subsidized housing, it looks like subsidized housing, making the location and the siting of affordable housing nearly impossible because people simply don't want it in their neighborhoods. And the fair housing laws have been enforced with little vigor or innovation or commitment, despite pervasive evidence of discrimination in both the rental and the mortgage markets.

The regulations governing affordable housing of Fannie Mae and Freddie Mac, Government-Sponsored Enterprises, whose conventional business and profits exploded in the 1990's, those regulations on affordable housing are virtually ignored. And there's a near total lack of coordination across the departmental lines of Federal agencies, between HUD and other departments that should be working together in the geographic focus of central city areas.

So where, then, do we go from here?

Well, the magnitude of our urban problems and the Federal failures has helped paralyze innovative thinking. Yet, we know that the cost of doing nothing or just doing anything, something that responds to the wrong problems, is vast. Los Angeles, in almost biblical terms, was a warning that America has to deal with its cities or its cities ultimately will seek vengeance.

Three processes have been underway in the early months of the administration at HUD.

The first, which I will not dwell on today, is to confront a backlog of inadequacies—General Accounting Office Inspector General reports, which have laid out a series of management flaws. The inadequacy of financial systems, the inadequacy of control systems, the flawed organizational structure—all of these issues we are acting upon. These 10 or 15 or 20 sets of high-priority, administrative management, and structural questions have been assigned the highest priority.

On another occasion, I'll be happy to spell out our action program with respect to these inadequacies.

A second process has been that which we are calling reinventing HUD. Again, today is not the day to focus on that. I want to focus on policy questions. But we have begun literally involving hundreds of people in the Department, trying to tie into the Vice President's program, the National Performance Review, and going beyond it to our own, HUD, reinvention.

We're trying to engage people in understanding the meaning of public service principles. What does it mean for an organization to be accountable? What does it mean to be honest and to meet the public with integrity in our programs, to be responsive, to be flexible, to entrust authority throughout the system of decentralized decision-making? What would it mean for a big Federal bureaucracy to be performance-oriented, as opposed to process-oriented or procedure-oriented, to be sensitive to those who are our constituency?

Again, I'd be happy to share with you the outcome of this reinvention process in the weeks and months ahead, but I think it is unique in the Federal system, in that we have worked hard to include nearly every one of the 13,000 people in the organization, in the regional offices, in the field offices. It is a major management task.

But the third piece of what we're doing is what I want to share with you today. It is the beginning steps of defining an urban policy. And let me say to you, Mr. Chairman, that we have been meeting at the White House with the National Economic Council, with the Domestic Policy Council, on elements of this program—Enterprise Zones, which will be moving literally within the next few days, community development banks, which comes just behind it, and then a series of presentations that I've had the privilege to make at the White House, including, again, tomorrow, to another leadership group surrounding the President, on the elements of what I want to outline for you today.

They are themes at this point, if you will, but themes that we think can be translated into an action program. And I want to try to spell out for you, if you'll give me just a little time today, to spell out the three overarching themes we're developing, values of what we think the Federal Government should stand for in urban areas, with its urban programs, and in some sense of how this translates into a program of action.

The first of these values is the reorientation of HUD and other Federal agencies toward community.

Now we hear the word community used in many ways. To some it means a physical place, a community. To others it means a spirit of common bonds. To Amitai Etzioni and the new Communitarians, it means a specific consensus on how we work and live together, how individual rights are balanced against the greater good.

But what does it mean for a modern American city? And what does it mean for its relationship with a big Washington bureaucracy?

Well, we know what community is not. It's not streets darkened by the shadows of vacant shells of buildings, where no one goes for fear of sudden and vicious attack and where no one will help. It's not public housing, where children die in the crossfire of rival gangs and where security guards crouch around staircases to avoid surprising Uzi-wielding drug sentries. It's not neighborhoods where everyone, young and old, 3-year-olds and 73-year-olds, are on their own.

Community is not decision making where someone else—planners, architects, city officials, Federal bureaucrats, housing authority managers—everyone else but the people call the tune. So what is community?

Well, it's a place where housing built for poor people is as functional, as sturdy, as dignified, as attractive as in a nice suburb, as one can see in the central city neighborhood of Chattanooga, Tennessee, where the Enterprise Foundation is at work.

Community is a place where activists have gained the respect of the city government and turn the city's attentions to their priorities—children—and call their effort a chance for every child, led by Angela Blackwell in Oakland, California. Community is a place where church parishes are serving as the focal point for Nehemiah Housing in East Brooklyn, led by the Industrial Areas Foundation, community organizations.

What are the common themes where community works and is respected? Neighborhood organizing, strong community institutions, experts in partnership with community leaders. There must be a

Government that respects community, that is reorganized to relate to communities, that facilitates the efforts of communities, that is not afraid to say that, yes, it will cost something, but not as much as we would pay for neglect. We must rely on people in communities, nonprofit organizations, community development corporations.

I have with me a synopsis of a chart we've been using to describe what a community action program that HUD would undertake would mean if the overarching theme was relating to communities. We would fund community organizing. We would build a capacity of local, nonprofit organizations. We would facilitate community partnerships against crime. We would support community development banking. We would compel investment in communities by financial institutions. We would enter into partnerships with demonstration communities where the capacity to do comprehensive solutions such as the Sandtown Winchester area in Baltimore, or President Carter's initiative, the Atlanta Project in Atlanta.

We would change the income targeting for public and assisted housing so that we could achieve a mix of populations in public housing projects.

We would retarget the use of FHA single-family insurance. We would encourage community redevelopment programs and reinstitute some programs of development of cities to achieve economic diversity.

We would create comprehensive Enterprise Zones in order to rebuild the community economic base. And we would leverage, as we are attempting to do in some early projects at HUD, with the AFL-CIO, with community development corporations, philanthropic, and other funds, with a community orientation.

What we can do is fund community development efforts, build the capacity of neighborhood organization, insist that community plans are considered in our important programs, reward communities that strategically work together by extending greater trust and flexibility and waivers from our own rules to those that are performing. All of these things we can do with our CDBG program, our HOME program, and others.

So the first theme, then, is to really respect people who are coming together at the local level, but who need support—sometimes money, sometimes flexibility, but always a respectful ear.

The second theme or value that we think is important in forging an urban or community strategy is that we must infuse throughout all of our programs a sense for individuals of upward lift. It's not good enough to concentrate on static policies that simply maintain people. We must infuse into everything we do, particularly HUD's spectrum of housing programs, a sense of lift.

Our business is not just to create housing, but to make of housing a platform, that stable place from which we can create opportunities for people, opportunities to go from homelessness to rental housing, from homeless shelters to transitional housing to permanent housing, from public housing to home ownership, from a public housing experience without a job or without training or without education to self-sufficiency.

I had a sad experience several weeks ago in Atlanta. It began as one of those rare opportunities when you spend a moment at the

end of a day with a family and just enjoy the beautiful afternoon breeze.

I was in Atlanta working in a housing project and was walking from one meeting with the leaders of the project to another meeting with the residents as a whole. As I walked through the project, I noticed a man, his wife, and three little children. There were two little girls and a smaller little boy, maybe a year old. It was a pretty Atlanta afternoon. Spring had already arrived there. So I walked across the street from where I was walking to greet them, spend a few minutes with them. It was a heartwarming sight and I was taken by the affection so obvious among the family members.

As I talked to the man, he described his occupation. He was a roofer who works on commercial projects in the Atlanta area. And then he said something that made me pause, that interrupted the sense of beauty of the moment.

He said, I come by every afternoon to visit my family. Now, he and his family were not separated. This was not a state of estrangement or divorce. But he explained to me that he came by every afternoon to visit his children, children that he so obviously loves just by looking at the affection he bestowed upon them. He comes by to visit them because the rules of public housing make it impossible for him to live in the unit with his family, or the income level would rise and the proportional increase in rent would make it impossible for them to stay in what was a stable, positive housing experience.

We've created rules where families pay 30 percent of their income, no matter what that income is. The result is a disincentive for people to be able to stay together. Worse, a disincentive for people to be able to make something of their lives and work. Now that's the kind of circumstance we've repeated too many times with our governmental programmatic rules. We've created Catch-22 rules and regulations that crush the lift for people who want to make something of their lives.

I've described one instance from public housing. You know of similar dysfunctions in other parts of our system, our welfare rules, our health care rules, and others.

Again, in the same spirit of a moment ago, here is a chart which I'd be happy to share with you in another format that sets out what HUD would do if it believed that lifting policies needed to be infused, and we do in our programs. We would remove barriers to work in public and assisted housing and provide incentives for training and for work, encouraging people to build their assets.

We would connect employment and HUD programs, requiring housing agencies to hire residents, encourage openings in the construction trades for minority youth, and using Federal procurement to expand minority opportunities. We would infuse this sense of lift throughout the spectrum of our housing programs, reducing homelessness, expanding affordable rental housing, expanding home ownership opportunities. And we would try to recognize the relationship between building the metropolitan economic base and, as Senator Kerry said so well earlier, recognizing the relationship between central city and suburbs.

Funding metropolitan areas that are working on long-term economic planning that links metropolitan prospects in the future to

the central city, including policies on strategically locating Federal Governmental facilities themselves.

We would, for example, use our youth bill to help disadvantaged young adults gain education and employment skills, redesign our voucher and certificate programs to give tenants greater choice and make rental assistance truly portable so they can be near jobs and schools that best meet their needs.

We would demonstrate the use of regional approaches to housing so that we can allocate our assistance, not just within the purview of the central city housing authority that can only relocate people within the central city, but create incentives for regional solutions.

And just yesterday, before one of the appropriating committees, I asked in this year's budget for the transference of funds from one category to create additional incremental units so that we can move people from concentrated public housing using the moving to opportunity program that came about as a result of the Gatrow case in Chicago, as well as traditional new development of public housing units to be able to move people and allow the deconcentration of our poorest. All of these fall under the rubric of providing lifting opportunities, an economic ladder of opportunity throughout our programs.

Third, let me say, with respect to these values, HUD must be the place where we in America begin an honest and truthful discussion that speaks to the most devastating divisions in American life, the issues of the destructive behaviors. And the most destructive of behaviors that affects urban America is racism.

We at HUD must speak about and act upon race and what it continues to do in American life. Denying people the opportunity, on the basis of nothing other than skin color, of access to rental housing or to home ownership or to bank loans or insurance or the other essentials of being able to make it in American life, is absolutely wrong.

Our testers at HUD, using sophisticated techniques for uncovering discrimination, indicate that up to 60 percent of all transactions that involve African Americans, in home transactions, rental transactions, or lending transactions, up to 60 percent of all transactions involve discrimination.

When our testers go out, two people with exactly the same education, the same income, one black, one white, to rent an apartment, one is told, the white, yes, there's a unit for rent for \$500. And the other, minutes later, captured on videotape, is told, no, there is no unit for rent here. We rented our last one. Or the unit that was previously described for \$500 is described as renting for \$1,000. Or having other requirements that make it impossible for that individual to be able to rent the unit.

This is the reality of life in our country. And any discussion of American urban issues without factoring in these unfair realities, whatever word one wants to apply to it, brings us out at the wrong place. It's a reality of American life that needs to be factored in. It can't be addressed in the relatively sterile language of economic incentives. We have to call it what it is and act upon it.

That same kind of discrimination is not restricted to renting. The Federal Reserve Bank of Boston released a working paper last October that analyzed mortgage lending discrimination against black

and Hispanic mortgage applicants. And again, about 60 percent of the transactions involving African Americans, about 50 percent of the transactions involving Hispanics, are characterized by discrimination.

Every report that I have seen over the last year, the Urban Institute report on the Los Angeles riots, which was very, very good, the Eisenhower report more recently published, speak to the fundamental urban reality of what they call extreme spatial segregation or separations in American life by income, class, and race.

We believe it is possible to organize a work program at HUD that speaks to these questions, reducing density in public housing developments and implementing replacement programs, enhancing the portability of vouchers to increase mobility, testing new methods of administering vouchers through regional and private housing entities, negotiating regional accords for sharing housing responsibilities, enforcing fair housing compliance.

It will be a major effort at HUD to increase our funding for fair housing. Rekindling grassroots leadership and involvement in mentoring programs and youth sports, anti-gang efforts, training and employment efforts, and expanding our commitment to resident management.

Now in addition to speaking to these issues of race and of spatial segregation, part of our discussion must also speak to a new social contract that involves all Americans in a discussion of rights and responsibilities.

Yes, we believe in the right to a good quality education, but we must also expect the responsibility to study and make the most of it. We believe in the right to secure and safe communities, but we also accept the responsibility to participate as citizens, not as clients or tenants or residents or passive users, but as citizens in the civic discourse that implies. We believe that Americans have the right to decent housing, but also a responsibility to maintain it and to improve it. So this issue of destructive behaviors, then, is on both sides of the racial divide. It's an issue we must address.

This discussion of a new American social contract is not foreign to us. We must make sure that when people get together, as we are here together to discuss urban problems, that we connect with the reality of people who live just blocks from here and make sure that whatever form this discussion takes of rights and responsibilities, that it reaches the broad diversity that is America today.

We believe that though there are limits on what a Federal department can do on this subject, that we really must try to devise policies that engage our young people at the earliest ages in this discussion.

Intensive early intervention with our young people. The setting up of mentorship and leadership programs. The integration of Federal programs so that we can perform not just as HUD, but the Department of Labor, and Education, and HHS, and others.

Mr. Chairman, at my confirmation hearing, I was asked by members of the committee to identify statutory impediments that restrict creativity and productivity at the local level. We've given serious consideration to that request and want you to know that we will be proposing legislation to try to accomplish the objectives I have set out today by asking for authority. That legislative pro-

posal is now being completed. Today is not the time to discuss it. But I do want you to know that we're going to come forward with programs not only to streamline HUD and make existing programs more effective, but to try to infuse throughout our programs the principles I've set out today, the overarching themes of a national community development or urban policy, to make the Federal Government more responsive to communities, to infuse in our programs an understanding that we don't want to just keep people in their present state, but to open the way to betterment, and that we must address the issue of destructive behaviors and particularly a forthright addressing of the issue of race in our society. And that means, as I've said before, addressing the destructive spatial separations that continue to characterize too many American communities.

We'll propose remedies to the systemic management deficiencies and come to you with specific requests in the weeks ahead.

Mr. Chairman, that concludes my remarks and I'll be happy to take any questions.

The CHAIRMAN. Well, let me just say at the outset, I knew when we first talked about this after you were nominated that you would take hold with the kind of firm direction and energy that I think is inherent in what you've said today.

I think we need to move ahead here as rapidly as possible. As soon as these legislative proposals are ready, I will introduce them here and we'll commence the hearing process to build the hearing record we need to move these things ahead.

There are three in particular that I want to cover but we've got a vote starting here; the bells just rang, and so we'll have to have a brief interruption here shortly.

As you know, last year we crafted Enterprise Zone legislation. We had what I call the enhanced Enterprise Zone where we had wrapped around the tax incentives, other things to strengthen and lift the communities, in education, the crime problem, housing, job training, and so forth, which I think are absolutely critical if you're going to have an Enterprise Zone that really can work and really make a major difference. Unfortunately, we got that incorporated and it went down with the veto. I've introduced a similar proposal this year. I assume that, based on what you said, we can expect to see an enhanced Enterprise Zone proposal. I don't want you to go into detail more than you have now, but that's coming down the track and we can anticipate that?

Secretary CISNEROS. A matter of hours or days.

The CHAIRMAN. All right. Very good. Let me move to the next one. And it will be in that enhanced form, I take it?

Secretary CISNEROS. Yes, sir.

The CHAIRMAN. OK. With respect to community development lending, we talk about capitalism. Capitalism can do a lot when it's allowed to work. If capital is being choked off because of discrimination in lending or just an avoidance of sort of pumping capital into distressed communities, it can't work, won't work. You've got to have a capital flow coming in.

With respect to the community development banks, we've already had hearings on that here, as you know. We've got a proposal to move ahead. I gather the administration is coming down the home-

stretch with its community development bank proposal as well. Am I right in that?

Secretary CISNEROS. Yes, sir, that's correct.

The CHAIRMAN. All right. What is the timeframe on that?

Secretary CISNEROS. I don't know exactly what the timetable is on that. It's behind Enterprise Zones by a little bit.

The CHAIRMAN. All right.

Secretary CISNEROS. The President has made internally decisions on the community development proposal. It's still being drafted.

The CHAIRMAN. All right. But we'll have a community development bank proposal. It is not, I assume, designed to replace the community reinvestment requirements on the existing financial institutions.

Secretary CISNEROS. Not at all.

The CHAIRMAN. It's to add to that, not to transfer it over from those institutions.

Secretary CISNEROS. Correct.

The CHAIRMAN. I think it's critical that that point be underscored because I want the traditional lending institutions to be held to a very high standard with respect to community reinvestment requirements. We've moved in that area legislatively to mark that out, and I want a vigorous effort in that area as well.

Let me just say, finally, with respect to the unemployment numbers, we're not getting the recovery, the job recovery, out of this long-running recession. And as I look at the data in the inner cities, I'm finding that unemployment is going up there now at a rapid rate. I want to just show you a chart to just give you a graphic illustration of what we're finding here.

If you look at the comparison of inner-city and national official unemployment rates, of course, they understate the problem. But if you just go with the rates we have, there's been some very modest improvement in terms of the country as a whole, not enough worth talking about when you look at this over the timeframe, and certainly not solving our problem.

But what I want to point out to you here, since October of last year, the unemployment rate in the inner cities has been rising quite sharply and, very particularly, in the month of January, we saw a sharp increase. Now this, as I say, is just the official calculation, which really doesn't capture the whole problem. But I'm distressed by the fact that we're seeing a deterioration in the situation. Within the task force, how does the focus get collected and brought down tightly on the issue of job creation, per se, and breaking these high unemployment levels? Is it through the sum total of all the other things or is there something else that we need to hear about with respect to what's directly associated with the absence of job opportunities?

Secretary CISNEROS. I think that it is very focused in that the central theme is jobs and it is very focused in that the central thinkers at the White House are from the National Economic Council. It's Bob Rubin himself, who takes a personal interest in this, Gene Spoerling and his staff, all of whom are the people who have input into the national economic policy.

So the relationship between the national economic policy and urban policy is drafted by the same people. That's something we've

wanted and have been talking about for a generation that I am aware of, and here we have that exact situation now in which the same people who are thinking about the national economy and the need for impetus and so forth, investment tax credits and all of those macro-issues, are also drafting community development banks, Enterprise Zones, and the other specific jobs portions of what this means in cities.

The CHAIRMAN. I want you to keep marching this down the track. I know you are with Bob Rubin and the others and we can't afford to have any of this slide off the tracks.

Senator Moseley-Braun.

Senator MOSELEY-BRAUN. I have no questions, Mr. Chairman. I'm here to follow you. I'm trying to figure out how you're going to get over and vote in time. But I know you've been around longer than I have, so if I tag along—

The CHAIRMAN. Stay close to me.

[Laughter.]

Senator MOSELEY-BRAUN. That's what I'm going to do.

[Laughter.]

The CHAIRMAN. Stay close to me. I feel better when you're close to me. We'll make it.

I'm going to ask you, if you would, then, other members, I know, are either on their way to the vote or probably voting or on their way back. I'm going to recess us in a moment here and I want to come back because I'm very interested in getting at our next panel, which I think is an important part of the national story that's here and the national awareness that has to be shared and developed. So I'm going to ask that you be prepared to respond for the record to questions of other members here who have questions for you.

I know the President is putting his main emphasis on job creation and health care reform. I think those are the right focus in terms of the two major issues, and of course, they relate importantly to everything we've talked about today.

I want to make sure that this coherent, new urban strategy that's designed to crack open these problems that have been festering and getting worse over the years is something that stays right up there in the center of the radar screen. I know you share that vision and view. That's why you took the job. I want you to know that I will use every resource and element of energy that this committee has to drive this agenda forward.

Secretary CISNEROS. I have indicated that I would be available to you, personally, Mr. Chairman, as well as any of the other Senators who wish to sit with you and go through a chart presentation that spells out more clearly what I have outlined in language today.

The CHAIRMAN. All right. The committee stands in recess for about 12 minutes, and then we'll resume with our panel of witnesses.

The committee stands in recess.

[Recess.]

The CHAIRMAN. The committee will come back to order.

Let me invite our next panel of witnesses to come on up to the witness table and we'll get started again. Let me again welcome

this panel of distinguished witnesses that have come from across the country to be with us today.

I want to say to you, Senator Harris, first of all, welcome back to the Senate. You have many admirers here, and I am certainly one of them. Senator Domenici said that he had hoped to be here. He cannot be at this particular time, but wanted to extend through me a welcome to you particularly. I know you've got your affiliation now with the University of New Mexico and he wanted to make reference to that.

I want to take a minute just to thank both you, Senator Harris, and the others who served on the Kerner Commission and the important aspect of bringing that forward again today.

Dr. Curtis, I want to thank you and the Eisenhower Foundation for the very important work you've done in today's context and which you're going to share with us.

I also want to say to Ms. Joanne Watson how much I appreciate her leadership and that of the Detroit NAACP over a long period of time and the important perspective that you bring today.

And I want to finish by again saying, with respect to John Mack, who is the president of the Los Angeles Urban League, I know you have a scheduling issue facing you. I'm going to call on you first. But I want to say again how deeply I feel about the fact that you and I gather here in this room today, in a sense, to continue work that we've been doing together now over actually most of our respective lifetimes.

I appreciate more than I can say in words your leadership and personal example, in Flint, when we were together, and in all the years since, in the things that you've done. You're an inspiration to me. You give me strength each day, and I appreciate not just the leadership you give, but what you're coping with and attempting to change for the better. I want to help. There's nobody in this town that wants to help more than I do, or will go to greater lengths to help.

We talked earlier about some of the initiatives we've taken in this committee since I assumed the Chairmanship in 1989. We've needed also to have a President who was really focused on the problems and needs of this country and the people of this country. We now have one. And so, that gives us an opportunity to make some progress that hasn't been available to us in the same way for some period of time, in my view.

I especially want to welcome you all and John, I want to start with you and again say how grateful I am you're here.

**STATEMENT OF JOHN MACK, PRESIDENT, LOS ANGELES
URBAN LEAGUE, LOS ANGELES, CA**

Mr. MACK. Thank you so very much, Senator Riegle.

This is a very, very special privilege and high honor for me to have been invited by a wonderful—I was about to say old friend, but that may date both of us. Certainly, a friend of long duration, one who has always been deeply committed to justice, equality, and human dignity for every individual.

I'm very proud to say I knew you when you were an aspiring young congressman and now, you've gone on to provide not only Flint and Michigan, but our entire Nation with great leadership

and you have become one of the outstanding Senators in the U.S. Senate.

The CHAIRMAN. Thank you.

Mr. MACK. This represents an important opportunity because I believe that your committee is addressing the major challenge confronting our Nation. America is the world power and world leader, which has done so many wonderful things. However, our Nation will not achieve its true greatness until it comes to grips with the domestic challenges confronting urban America.

The Urban League in Los Angeles has been in the vanguard of leadership, attempting to address some of these issues for some 72 years now. We've been able to make significant positive impacts. Yet, we face a number of urgent problems and unmet needs facing our constituents.

Before getting into my formal presentation, I would like to share with you one significant, positive development which occurred just yesterday in Los Angeles. The Federal Government was not involved, however. It was strictly a private sector partnership. We held the grand opening of the Los Angeles Urban League and Toyota Motor Sales, USA, automotive training repair center, where we will train and place a minimum of 100 unemployed residents of south-central Los Angeles in jobs per year.

And I cite this example to demonstrate that there are some corporations and others within the private sector who do care. But I would want to make the point very quickly that this represents only a small beginning. By no means am I suggesting that this effort will solve the whole problem. What we had happen in Los Angeles last year reminded us, again, that we have another chance, and it may well be our last chance to do what must be done here in America.

Chairman Riegle, I request that my full written testimony and other related attachments and documents be entered in the official record because time will obviously not permit me to cover them in detail.

The CHAIRMAN. Very good. Without objection, they'll be made a part of the record and we welcome having them.

Mr. MACK. Thank you. A brief statement needs to be made concerning the conclusions and recommendations of the Kerner Commission report issued over 25 years ago. That report, which was issued following the Watts rebellion and other similar disturbances that rocked America in the 1960's, concluded that our Nation is moving toward two societies, one black, one white, separate and unequal.

The report urged the Government and the private sector to, one, mount programs on a scale equal to the dimension of the problem. However, the painful and tragic consequences of the past 25 years are that America has become two societies, both along racial lines and also, a society of the haves and the have-nots in terms of the poverty-stricken and the affluent.

Another report which the McCone Commission issued following the Watts rebellion of 1965, also contained a series of specific recommendations designed to "ameliorate those conditions which the commission identified as contributing to the oppressive nature of life in south-central Los Angeles."

However, the tragic reality is that Government and the private sector, particularly during the past 12 years, had no agenda for the cities and wrote off minorities and the poor.

Private industry continued its flight from the cities, taking away jobs and the city's economic base. Police brutality and a failure of the criminal justice system to deal fairly toward African Americans and other minorities has been an abysmal failure, as we all know from the painful realities of the events of last year.

Public education failed to educate students, particularly African Americans, Latinos, and the poor. And yes, these past 12 years, it became acceptable to hate again. Racism, sexism, and all of the other "ism's" of bigotry are alive and well.

Mr. Chairman, and honorable committee members, the painful reality is that the Government, the private sector, and the people of America never made the commitment to establish priorities, allocate the necessary resources which would implement programs on a scale equal to the dimensions of these problems in 1965, or new ones which have developed during the ensuing years.

The September 3, 1992, edition of the New York Times revealed very alarming data concerning the poverty problem in America. The United States Census annual report disclosed that there are 35.7 million Americans living in poverty. This represents an increase over 1991, by 2.1 million people, the highest number of poor people since 1964, when President Lyndon Johnson declared the war on poverty.

On April 29, 1992, a smoldering volcano erupted in Los Angeles which had been building and building over a period of time. This human volcanic eruption was triggered by the blatantly unjust and racist jury verdict which freed those four Los Angeles police officers who sadistically beat Rodney King.

Those 12 jurors saw a mirage and could not see what the overwhelming majority of Americans and the world saw on George Holiday's videotape. They could not see justice because they were blinded by injustice. Too many other Americans and police officers see a gang-banger behind every black teenager's face, particularly males, and a violent criminal behind practically every black adult male face.

Last Saturday, another more diversified jury comprised of residents from Los Angeles County and nearby in the Federal civil rights trial involving the four police officers, returned guilty verdicts against Stacy Koon and Lawrence Powell. That represents a major step in the right direction. It is now important that Judge Davies sentences them to serve time in jail.

But it is really essential that the U.S. Senate, the Congress, the President, and all citizens of our Nation understand that the absence of violence does not necessarily mean the presence of justice, and needed solutions to urgent problems and challenges confronting the residents of south-central Los Angeles, our city and the entire Nation.

While numerous factors have contributed to this lack of progress, there are four main ones: Jobs and the decline of American industry; a second-rate education system which has poorly and really, abysmally miseducated minorities and the poor, in particular; next, the lack of business ownership, particularly African-American busi-

ness ownership in the inner city; and, of course, the failure of the criminal justice system; and I would also point out the failure of the Federal Government to establish a comprehensive urban policy and provide solutions and leadership for its implementation in partnership with the private sector and the rest of the world.

Fifty-three precious human lives were lost in last year's tragic violence and can never be restored or replaced. No value or price tag can be placed on them. Great emotional trauma and physical and economic damage were also inflicted and remain. Our State and region continues to be harder hit by the recession than any other part of the country and business relocations away from Los Angeles and California are on the rise.

It was reported in the April 22, 1993, edition of the Los Angeles Times that the unemployment rate, not adjusted for seasonal variations, had increased to 10.4 percent in March of this year, up from 9 percent a year earlier. It is much higher in south-central Los Angeles.

Local governmental and other officials estimate business losses of over \$1 billion due to the civil unrest. According to estimates by city officials, over 1,036 businesses were damaged in the city, with a value of approximately \$378 million. Despite promises by the Federal Government and others, and the tour by former President Bush, the rebuilding of these businesses has been painfully slow.

Of those 1,036 damaged businesses, only 160 permits have been issued to either rebuild or implement major repairs, according to the Los Angeles Department of Building and Safety. A principal with McKenzie and Company, consulting firm, conducted an analysis for Rebuild LA and forecast that we need 75,000 to 90,000 jobs created in south-central Los Angeles and other neglected areas of our city to address the urgent devastating unemployment problem.

The April 29 civil unrest in Los Angeles was a wake-up call that was heard throughout urban America. But it apparently fell on deaf ears in Washington, particularly the U.S. Senate, and even more particularly, by that Republican minority that filibustered the President's jobs stimulus package to death last week, which would have delivered 50,000 jobs to Los Angeles including young people, some of those very same youth who were referred to earlier by one of the Senators as criminals, some of those young men whom I know personally who have turned their lives around, who are no longer gang-banging, who want a life, who want a chance, who want a job. And yet, we have destructive leadership taking place here in the Senate.

Jobs are desperately needed in our city across the board, not just by our black youth and adults, not just by Latinos, but white, laid off aerospace workers, who are lay off victims of the welcome end of the Cold War, and the crumbling of communism. However, its bad news in terms of the devastating job losses in Los Angeles and California.

If we are to solve these problems, Mr. Chairman, and members of this committee, there are a number of things that must be done. I'm going to quickly touch upon some recommendations that we believe from the Urban League's point of view can make a difference.

First of all, we strongly support President Clinton's and the Eisenhower Foundation's recommendation of the creation of commu-

nity development banks, which would include Black ownership by inner-city partners, which I think is a very, very critical and an essential part of the equation.

We also strongly support the Eisenhower Foundation's recommendation to link capitalization of community development banks to tougher enforcement of the Community Reinvestment Act of 1977, requiring banks to invest in their communities, and make sure this is not just a PR game, but, indeed, that minorities are not being shafted.

The Los Angeles Urban League strongly supports the Enterprise Zone, the enhanced Enterprise Zone that you, Mr. Chairman have provided outstanding leadership in attempting to move ahead.

I would add this additional point that I've not heard emphasized in previous discussions. And that is as a part of the Enterprise Zone proposal, that there be tax and other incentives which would promote joint ventures and partnerships between successful majority-owned businesses, encouraging them to link up with African-American-owned businesses so that we can begin to really get at the stimulation of additional minority ownership.

The Federal Government needs to establish national standards which would promote the adoption at the local level of public education policies and practices based upon the principle that all children are capable of learning, regardless of the color of their skin, their culture, their race, or their class.

We didn't have enough people in the past who were committed to that proposition. It is important that there be Federal standards that will certainly drive home that point, that will stimulate and encourage local boards of education and local communities to really come to grips with that critical challenge.

The National Urban League and the Los Angeles Urban League support the recommendation of the commission on the skills of the American work force, on emphasizing achievement. The educational system should provide career paths for all youth, both in and out of school.

We also recommend, Mr. Chairman, some new legislation that would require Federal and military pension fund systems to allocate up to 5 percent of investments in alternative investment, including investments in minority- and women-owned venture capital businesses because one part of the equation, when we talk about funding, moving beyond the conventional banking institutions which have some constraints that may prohibit them, those that are debtor-capital-oriented as opposed to venture-capital-oriented, and who are not willing to take risks to any great extent.

We think that it's important that we stimulate greater venture capital opportunities and particularly African American and other minority venture capital. We would also recommend that there be a mentor system whereby experienced money managers and venture capital firms mentor minority- and women-owned firms.

We recommend that a Government guarantee program be established whereby the Government would guarantee the principal amount invested by the Federal pension funds into minority- and women-owned venture capital firms which invest in the economically disadvantaged.

We also reiterate and support the National Urban League's Marshall Plan, which I know you're already on record, Mr. Chairman, as strongly supporting.

There are a number of other recommendations, but in the interest of time, I will not delineate them. I would just simply thank you again for this opportunity and close with these final profound words and thoughts of the late Whitney Young, former national director of the Urban League. And I quote:

This Nation has always had the music of harmony, the song of equality running about in its dreams. It never played that melody because it wanted to use only the white keys. It's time for it to start using the full keyboard of human resources to bring peace, harmony and justice to this bitter and divided land.

The dream is still valid, but the Nation that loses sight of its dreams will lose its soul and its purpose and will truly be doomed.

Together, we must recommit ourselves to the creation of an America in our increasingly economically interdependent world that will use the full keyboard and include everyone at the table of democracy.

I thank you very much.

The CHAIRMAN. Thank you very much.

Senator Domenici, I mentioned before you arrived that you particularly wanted to welcome former Senator Harris, who is here today, and his affiliation with the University of New Mexico. You may want to make a comment right now because we're going to call on him.

OPENING STATEMENT OF SENATOR PETE V. DOMENICI

Senator DOMENICI. Well, thank you, Mr. Chairman.

First, let me say to you, I think you know that I want to be a player as we attempt to develop recommendations for a new national urban policy.

Fred, I welcome you here. Obviously, you have found a very significant niche in New Mexico after your elected public life. And from what I hear, while you have maintained what you personally believe, you have found a way also to join in the community to do a lot of exciting things and shape ideas into actions, and I compliment you for that and I welcome you here.

Mr. Chairman, might I just make a couple of observations?

The CHAIRMAN. Sure.

Senator DOMENICI. Frankly, it seems to me, and Mr. Mack, I heard most of your comments. I truly believe that many parts of urban America are just in absolute crisis today. I'm kind of worried, however, that the way we're trying to solve it with reference to the appropriation process and the authorization process, is almost, from the beginning, doomed to failure. Let me just give you some examples.

The President of the United States has asked for some new add-ons to domestic programs that he has labelled investments in the future. Many of them, not all of them, but many of them, in his opinion, would address the inner-city problems.

But let me tell you the dilemma right off the bat. Most of them, in my opinion, aren't going to be funded. The reason is that the President's budget came down in detail after the congressional budget. The President's budget, with the add-ons for new investment, would not fit the congressional budget because the congress-

sional budget follows the limitations in the 1990 law, with its caps and limits on spending on the appropriated accounts.

So the President's budget has most of the investments outside of the budget and does not provide room for them, but, rather, suggests that Congress will cut other programs to make room, or Congress will change the law to permit more spending. I think, unless and until something much more precise from the very beginning is set forth, this X-amount of money is for a new national policy and it's not cluttered up with all the other programs and hodge-podged into them and then into the appropriations process, Mr. Chairman, where it is really an amazing, amazing and arduous thing that you allocate on subcommittees, then you try to fit everything in and some old and some new and, frankly, it's almost just annually replicating the previous year.

So I think, while it isn't all money and all programs, I didn't get here for Secretary Cisneros's roundtable this morning, but I assume he is still talking about the fact that the national urban policy, perhaps within his department—he spoke of that when we confirmed him—is the order of the day.

I just believe it cannot be a real policy and not be isolated and distinct for at least a decade from the ordinary ongoing budget. Now I may be the only one thinking that and I may not be able to deliver on that if somebody asks because the rest of the Congress may not agree. But, frankly, I believe any new policy that does not isolate and segregate from ongoing things is doomed to get just washed into the process of funding so many American programs, and we are very, very loathe to cut any of them out, even for new things.

So I give you that observation. I'm not enormously optimistic that we're going to do that kind of thing. But I am optimistic that, with inventories of where we have been like we're getting here today, and people who are growing more interested—I hear more people who are not necessarily for what's going on in the President's budget, say, but if we had something for the inner city for that problem that's there that was really devoted to it, I'd open my ears and my eyes and I'd be thinking about it.

I thank you so much for giving me the chance to speak just a bit. Fred, it's good to have you here.

Mr. HARRIS. Thank you.

The CHAIRMAN. Let me just say before going to Senator Harris, we have had a long discussion today and we've had some very vigorous give and take on this whole issue of priorities and how they're to be financed and how much time we have left to get at them, and so forth.

I must say, in the context of what you just said, this panel spans really 25 years. Fred Harris served on the Kerner Commission back at a time when we had all these problems. At that time, we talked about the dire need and necessity of doing something about them. And now, a quarter of a century later, 25 years times 365 days a year later, we've got Dr. Curtis here from the Eisenhower Foundation saying essentially what was said 25 years ago. Twenty-five years ago, when I knew John Mack, he didn't have any white hair, and I didn't, either.

Senator DOMENICI. You don't have that much.

The CHAIRMAN. Time's a'wasting—well, I've got a lot more than I wish I did. The problems that we're facing are aging us all. But the point is that we've got an emergency condition out there. Now we can talk about the budget framework and we can talk about accounting regimes and we can talk about all these different things.

The bottom line is that there's a condition loose in the country that's getting worse, not better. And frankly, I think people want to see a change for the better. I think most people want that. The people who are most desperate, in the most desperate circumstances, need it immediately, need the help, need the chance, need the way to get up to higher ground.

The rest of the society will gain in the process. It isn't a matter of it being something that's going to cost society something. When we invest in our people, that's the only investment in the end that really pays off big time. We've just celebrated the life of Thomas Jefferson, and the concepts at that time about equity and equality in terms of what this country is supposed to be all about, if somebody lives and dies and those most important aspects never get to them, never are a part of their life in terms of freedom and justice and opportunity, if those things never get to them, then the question is how is the country performing and how does that person feel about the county.

For a child growing up today who has a single parent, mother or father who can't find work and who's discouraged and may, in many cases, face racial discrimination as well, how is that child to come out of that experience and have the feeling about this country that we all want to feel when we hear the Star Spangled Banner sung or we see the flag or we pledge allegiance?

We can't have a situation, I don't think, 25 years later where all we do is say, we'd really like to help but we don't have the money. We've got it for the space station. We can find the money for that. We've got it for the Supercollider. We've got it for this, we've got it for that. We build all these nuclear warheads. We found the money for all these different things and we're finding money today in the budget for lots of things, but to this terrible, worsening human condition, a lot of it in the urban areas, but not just reserved to that. It's out in the rural areas of your State, and mine as well, this grinding poverty, more people on food stamps than ever in the history of our country.

I don't think the American answer can be, well, I'm sorry. That's the best we can do. Or come and see us another time. Or that the budget just won't tolerate it. I think people are going to, in effect, say, well, if that's the best you can do, then we need new people running the process.

In fact, they did say that last November. They made that decision with respect to the President. They moved him out, bag and baggage and said, let's try somebody else. And so, I think people want a change and I think they want to address these issues. I don't think it's just these witnesses that want to address them. I think there's a vast number of the American people today that realize that this problem really can't wait any longer.

But, in any event, we can debate this another time.

Mr. MACK. Mr. Chairman?

The CHAIRMAN. Yes.

Mr. MACK. Excuse me. And I know you're trying to move this along. May I just make one additional observation?

The CHAIRMAN. Please.

Mr. MACK. I certainly agree with you very much. I listened to Senator Domenici and I realize that you in the Senate have a major responsibility to be concerned about a number of very important priorities. But I really would want to make a plea to please really reorder some priorities here.

When I listened to the kind of commentary just made, I was thinking about some young men whom I walked with the weekend of the jury verdict, former gang members who have put down their guns, who have entered into a truce, who have stopped the killing, who have had all kinds of people lecture them and moralize to them about how wrong it is and how they should turn their lives around and become productive human beings.

To hear these same young men say to me, Mr. Mack, all I want is a job, a little training. I want somebody to care about me. And we're trying to hold on, they tell me, but it's pretty hard. Almost a year has passed. It's very difficult for us to expect realistically for people, human beings like that who I'm convinced are human beings who just want a chance, who, in the eyes of many people throughout America, are bad people. But they really are trying to turn their lives around.

But what do we say to them when they ask about a chance and a job? And when we ask them to try to make it on a constructive basis rather than reverting back to a life of crime.

That answer falls short, Senator, and I would hope that this Senate and this Congress would get together with the President and work out a program in a hurry that's going to address that need because it is a very serious need. And even beyond those young men, there are other human beings who really are crying out for someone to listen. And at this point in time, they're very cynical and don't really believe that very many people in this city in positions of power care about them.

Senator DOMENICI. Let me just say, I don't think I tried to give an answer to the problem. I say there's a very serious problem and I believe that from the essence of my soul.

I'm merely suggesting that even as the President tried in his way to say there ought to be a new investment program, part of which should be for the inner-city kind of things, the problem is he couldn't cut enough other programs to make it fit, so here we're confronted with whether we're going to do it or not. And I was just merely giving you a practical analysis of where we were.

I also would suggest that a lot has been made of the stimulus package falling apart. And conclusions have been drawn that there's no summer jobs money because of that.

First, that isn't true. There's a huge amount of jobs money unused—\$800 million, sitting there waiting to be used right now that is not allocated. The same has to do with the other programs that we were looking at, such as—what was the other lead one we were worrying about? OK, Head Start.

There's a huge amount of money unspent right as of now. So what I was trying to get at is that we have to come together on a better way to find the resources within this framework up here

so that everybody could work for it instead of the system working against it, because the system is pretty important to everybody up here. I know some ways around it, but I'm not sure anybody's interested in doing it that way. I just expressed one a while ago.

I thank you for your comments.

The CHAIRMAN. Senator Harris, we'd like to hear from you now.

STATEMENT OF FRED HARRIS, FORMER SENATOR AND CURRENT PROFESSOR OF POLITICAL SCIENCE, UNIVERSITY OF NEW MEXICO, ALBUQUERQUE, NM

Mr. HARRIS. Thank you very much, Mr. Chairman, for the invitation to be here. I'd ask that my statement I prepared be made a part of the record.

The CHAIRMAN. Without objection, so ordered.

Mr. HARRIS. I'll just make five quick points. I want to thank Senator Domenici for his kind comments about me as well. I served, as you said, Mr. Chairman, as a member of the Kerner Commission 25 years ago. Then, 20 years later, with Roger Wilkins, who was an assistant attorney general back in those days, I cochaired a conference which assessed where we were 20 years later. And then, just lately, with Roger Wilkins, we've updated in brief again where we are.

Basically, what we found 20 years later, and 25 years later, is that what the Kerner Commission said and recommended was true again. The Kerner report prescribed strong and sustained Federal efforts for jobs—if we had just—one thing we could have said then, it would have been jobs and training and education and housing and also, vigorous civil rights enforcement.

Back then, 25 years ago, the Civil Rights Act of 1964 was only 3 years old, or a little more. The Voting Rights Act and President Johnson's War on Poverty were even younger. They were to have a profound impact on America.

The thing that should be pointed out is that, on almost every front of race and poverty,—we made progress, substantial progress, after the Kerner Report, and then that progress stopped. Along in the late 1970's, the last part of the 1970's, and then accelerating after that, we began to go backward in many ways.

So that, today, for example, poverty is worse than it was then. It's worse in numbers, by quite a little. It's worse in percentages, the percentage of people who are poor. It's worse, too, because it's more persistent. It's harder to escape than it was then. And it is much more densely packed.

Now there's a kind of hyper-poverty in the central cities that makes things worse and harder to get out of than was true 25 years ago.

Furthermore, America has been resegregating. In all of the major cities that the Kerner Report studied 25 years ago, we find now that they are just as segregated, or more so, than they were then. And that's true in housing, in schools, and in other ways.

When I was a member of the Senate and in those years after the Kerner Report, I thought that the trends that we started then, or we saw started, would continue forever. Infant mortality was going down. We thought it would go down forever. We thought it would just keep going down. Poverty was going down. We thought that

would keep going down. Life expectancy was going up. We thought that would continue. And we thought that the gap which was narrowing between blacks and whites, for example, would keep on narrowing.

All proved to be wrong. These trends have started in the other direction now and the gap between blacks and whites, for example, is worsening again, in almost every particular you can think about—infant mortality, life expectancy, the college-going rate, for example. All of those things are getting worse again.

In the central cities, Roger Wilkins and I found that what exists are what we call quiet riots—in the deteriorating housing and schools, the disorganization, the high crime. Crime is worse now than it was then, 25 years ago. Drugs, the hopelessness—all that's worse.

And these quiet riots are not as obvious to outsiders as the violent riots of 25 years ago, but they're far more destructive today of human life.

The CHAIRMAN. Well, the quiet riots don't make it on the evening news, for the most part.

Mr. HARRIS. That's right.

The CHAIRMAN. And the other kind do.

Mr. HARRIS. We see it when we see the kind of disorder there was a year ago in Los Angeles.

One thing that's a little different after the Los Angeles disorders than was true 25 years ago is that there was not the public reaction against doing something that we saw 25 years ago, largely. Now, we see from the polls that exist now and existed immediately after that disorder, that a majority of Americans, a rather substantial majority, say, yes, we ought to do more to help poor people. We ought to do more about employment. We ought to do more for minority people and so forth.

Well, what we tried worked. I think it's a terrible myth, as has already been pointed out here this morning, to say that everything we tried failed. And there's a kind of, I think, a myth that comes out of the Reagan administration that everything Government does fails. That's simply not true. What we tried mostly worked. We just stopped trying it, or we didn't try it hard enough. We know basically what works. We know that early childhood development works. We know Head Start works. We know Job Corps works. We know jobs and job training and housing and AFDC, although AFDC now pays a lot less than it used to.

The CHAIRMAN. It works everywhere else in the society. Why wouldn't it work in this area of the society?

Mr. HARRIS. Exactly. And we know that civil rights law and affirmative action worked. But we came to a period when we had not just neutrality in regard to that, but hostility to it as well. And all of these things have had tragic consequences.

What needs to be done is do-able. We're talking about a very small population here of the hyper-poor packed into these central cities. We're talking about 10 percent of our population. We know what needs to be done. It's do-able. The people support it, the polls show, and it's in our own self-interest to do it, as has been pointed out here.

Senator Campbell, for example, said, we'll pay now or we'll pay later. If we pay later, we wind up paying a good deal more. It's cheaper to intervene on the front side than it is on the back side.

I think there's cause for hope, as John Jacobs of the Urban League has said. With the election of a President who celebrates diversity, who is appointing people who believe in civil rights enforcement, and affirmative action, who said that we haven't a person to waste and that we've got to invest in people, there is cause for optimism, I think. And I don't think that it's correct for the focus in these last days to have been on the political failures of the Clinton administration.

The issue ought not to be, did Clinton win or did a Republican minority in the Senate win on the stimulus package. The focus ought to be on what about the problems and are we going to do anything about them? That's where the focus ought to be.

The President is right on these issues. This is a national security problem. We've got a terrible national security problem here. And the President is right in trying to do something about it.

I was so thrilled to see the kind of people who are sitting here today, women, African Americans.

The CHAIRMAN. It's a breakthrough.

Mr. HARRIS. American Indians.

The CHAIRMAN. It's taken us a while.

Mr. HARRIS. Yes. We're beginning to make some changes. I say, just keep on what you're trying to do. I honor you and others who are trying to do something about these serious problems which are getting worse.

Most people probably think because we've made progress for a while, we still are making progress. That's not true. We are going backward and these problems are not going to be good for any of us. We're not going to have the kind of stable and secure society of self-esteem we want unless we deal with these problems.

I agree with something that John Gardiner once said. He said, "We are in deep trouble as a people and history will not deal kindly with a Nation which will not tax itself to cure its miseries."

The CHAIRMAN. Thank you very much. It's very helpful to us.

Dr. Curtis, we welcome you and we welcome the work of your group. We'd like you to share with us your perspective as you look at things now.

We're going to excuse John Mack and thank him again for his participation.

STATEMENT OF DR. LYNN A. CURTIS, PRESIDENT, MILTON S. EISENHOWER FOUNDATION, WASHINGTON, DC

Dr. CURTIS. Thank you, Mr. Chairman. Since you took the leadership of this committee, I've seen it as a kind of secular urban ministry doing God's work. I commend you for it and for organizing these hearings which are so very important.

The CHAIRMAN. Thank you very much.

Dr. CURTIS. I really feel like I'm coming home in many ways when I look at the members of this committee because the foundation is doing work in so many of their cities.

One of our trustees is working with Secretary Cisneros now in public housing in Detroit.

We're currently funding or evaluating programs in Chicago, Los Angeles, Baltimore, Boston, New York, and Albuquerque. So the Senators on this committee are very relevant to us in a personal way.

I have a longer statement that I would like to insert into the record.

The CHAIRMAN. We'll make it a part of the record.

Dr. CURTIS. I'd like to hit a few high points. They begin with the polls that showed how, that after the Los Angeles riot, as Senator Harris said, Americans were for change. But when CBS and the New York Times asked, what are the key obstacles to change, the majority of Americans said, lack of knowledge.

My basic message today is very straightforward and very American. Although we must be careful not to overstate, I think that, for the most part, as Senator Harris says, we already know what works and what doesn't work. And so, our policy is equally straightforward. We need to replicate to scale what already is cost-effective so that all eligible people benefit from it. And we need to toss out or significantly modify what doesn't work and use the savings to invest in what does work.

Now we know a great deal about what doesn't work. We've had a lot of experience in that. We know that trickle-down economics don't work, at least in the words of conservative analyst Kevin Phillips. Over the last 12 years, the rich got richer and the poor and the middle class got poorer.

We know that Enterprise Zones, as originally proposed in the form of just tax breaks, didn't work, at least according to the U.S. General Accounting Office and the Urban Institute. The enhanced Enterprise Zones, as you have suggested, are the kinds of Enterprise Zones that we do need.

We know that, based on an evaluation originally funded by the Reagan administration, the Job Training Partnership Act doesn't work for young men and women in places like south-central LA. The evaluations show that young, high-risk people in the program did worse than a comparison group of kids outside the program.

We know that prison-building doesn't work. We've doubled our prison population over the last decade, but violent crime has gone up significantly. We've done this at the same time that we've cut housing for the poor dramatically, as you know. And so, in many ways, prison-building has become our national housing policy for the poor.

Along with the Federal disinvestment that has been talked about this morning, there were a lot of buzzwords. These words are very useful. But I just want to remind the committee that they can be abused.

I'm talking about words like volunteerism and self-sufficiency and partnership and empowerment. These are words that I use, that everyone who's testified uses, that this committee uses. But they can be overused.

They were overused to the extent now that some psychologists have invented the phrase, post-empowerment syndrome. For example, you get an 18-month grant from the Federal Government and you're supposed to run it mostly on volunteers. At the end of that time, in the middle of south-central LA, you're supposed to become

financially self-sufficient and start a business with a lot of other partners so that you're empowered. And it just doesn't work because there's no infrastructure in place.

So we need to be careful of the rhetoric and the metaphors we use to define our urban policy. Certain words were abused over the last 12 years to try to hide the fact of Federal disinvestment. At the same time, we know a great deal about what works, and much of it has been discussed today.

When it comes to investing in children and youth in the inner city, we can follow France and we can provide Head Start for all eligible children.

It's not just me saying it or the rest of us saying it.

The conservative CEO's on the committee for Economic Development in New York said, for every dollar invested in Head Start, there are almost \$5 in benefits. That means full funding for Head Start.

I'm amused and interested in some of the recent criticisms of Head Start. For example, it's been said that, well, gee, when these kids leave Head Start, the benefits seem to decline.

Well, surprise. If you throw a 7-year-old back onto the mean streets on the south side of Chicago without any continuation, what do you expect will happen?

And that is why you need age-graded programs along the entire age continuum.

The CHAIRMAN. That's part of the post-empowerment syndrome, isn't it? If you get Head Start up to a certain point and then you're dropped off the side and forgotten about, it's probably not going to give you the long-term benefit that we envisioned.

Dr. CURTIS. It's going to give you Senator Harris's quiet riots.

So when you get to age 7, and roughly, from age 7 to 17, what do you have? Well, here we have many programs which often have interesting or exotic-sounding names which scientific evaluations over the last 25 years have proved to be successful—the Challengers Boys and Girls Club in south-central LA, Delancey Street in San Francisco, Youth Guidance in Chicago, the Argus Community in New York, Central Sister Isolina Ferre in Puerto Rico.

These are community-based, indigenous programs. You can see common elements in them, and to be able to observe common elements is important because it means that you can replicate those principles.

The principles consist, for example, of sanctuary, where kids go after school—an oasis off the streets where they get mentoring, big brothers and big sisters. They receive social support, but also discipline. This keeps them in school. And, in the successful programs, there are school innovations that are combined with the sanctuary.

For example, James Comer's School Development Plan, which has been scientifically evaluated as successful. For example, variations on German vocational education, such as Project Prepare in Chicago in Congressman Rostenkowski's district which offers vocational training through the Hyatt Corporation for jobs in the Hyatt Hotel industry.

The successful programs not only combine education with sanctuary, but they also link the education to job training, to placement and often to economic development.

You yourself have referred to the Youthbuild program, which is an extremely successful program which makes these linkages.

And sometimes, in the successful programs for the 7- to 17-year-olds, community policing comes into play. Getting police out of cars and onto the streets does not usually reduce crime in the inner city, unlike what most people think. But it often reduces fear. The fear reduction, the greater security, can increase investment, which can generate jobs for high-risk youth—and they can qualify for the jobs if they're in some of these sanctuary programs with intensive education. They can get to the sanctuaries if they have Head Start.

And so, you have a continuum which Li Schorr at Harvard calls multiple solutions to multiple problems. There also are multiple good outcomes—less crime, less drugs, less welfare dependency, fewer school drop-outs.

In a somewhat more poetic way, Václav Havel, the President of the Czech Republic, has referred to this as the butterfly effect. Now the butterfly effect is the belief that everything in the world is so mysteriously and comprehensively interconnected that a slight, seemingly insignificant wave of a butterfly's wing in a single spot on this planet can unleash a typhoon thousands of miles away.

The ecologists understand this, and his Holiness, the Dalai Lama, who has been here this week, understands this. We need to understand it more in our domestic policy.

We need to replicate these kinds of programs through a new National Corporation for Youth Investment, which, in turn, complements an enhanced Job Corps, which, next to Head Start, is the second most successful, across-the-board prevention program ever created, at least in terms of an evaluation that was originally funded by the Reagan administration.

For every dollar invested in Job Corps, there is \$1.50 in terms of benefits, which leads me to say that the Job Training Partnership Act, which doesn't work, really needs to be replaced by a job training program that is modelled much more along the lines of Job Corps.

We need to revise and to reform our job training first, I would suggest to you, for all people who are qualified, young men and young women, before we proceed with the Ellwood welfare reform plan. If we set up with a 2-year time track to get off welfare, but if there aren't really good jobs connected with good job training at the end of the 2 years, you're going to get failure.

I think that Job Corps-like reform should also be linked to recognition, that another war, the war on drugs, has failed. Currently, for our \$12 to \$13 billion spent on that war, 70 percent is supply-side interdiction, and only 30 percent is demand-side prevention, education, and treatment.

We need to flip that around. France has 70 percent demand-side. Or at least we need a 50-50 balance.

Finally, economic opportunities via jobs need to be linked with educational opportunities via replication of the successful St. Louis educational desegregation program and in turn linked with the housing opportunities through the successful Gatreaux housing desegregation program in Chicago.

These are the crucial linkages in terms of opportunity—for employment, education, and housing.

All of this investment in the inner city is for children and youth, but it needs to be integrated with investment in the physical infrastructure. And here again, we have models of success. We don't need any new paradigms.

James Rouse, creator of the Enterprise Foundation, which was mentioned here today, and the Ford Foundation, through its Local Initiative Support Corporation (LISC) now supply more housing rehabilitation for the poor than HUD. That's a great statement on Rouse and Ford. It's not such a good statement on HUD over the last 12 years.

Well, these are models for the delivery of housing rehabilitation to the poor by the poor. Community development corporations (CDC's) have expanded. They ought to be expanded still more. And they can be involved not only in housing rehabilitation, in our view, but also in the repair of the urban infrastructure and even in high-tech jobs.

This needs to be financed by the community development banking that has been discussed today. Again, there is a good model; it exists in Chicago—the South Shore Bank. South Shore has been replicated in the State of Arkansas, and the President is well aware of it.

Community policing and handgun control need to be seen not so much as criminal justice reforms, although they are important in that sense, but also as ways of stabilizing this community development process.

Mr. Chairman, the Kerner Commission called for funding equal to the dimension of the problem. That phrase has been used here today, and I think it's very important.

Today, we at the Eisenhower Foundation think that funding equal to the dimension of the problem means at least \$30 billion more per year in new investments in children, youth and the physical structure of the inner city for a period that does not last quarter by quarter, but lasts at least for 10 years or more, preferably a whole generation of inner-city youth.

The CHAIRMAN. Let me just ask you this. On that idea, let's say you're putting in \$30 billion a year, 10 years, \$300 billion over the 10-year period of time.

Would your work enable you to, in effect, using these other relationships that have been established through study on what one gets out of Head Start training, out of job training for youth, and so forth, to be able to show what that \$300 billion over 10 years will return to you out over the full timespan of the life of the people affected?

I think part of why we're not convincing enough people is that we sometimes don't get into focus what the yield is in dollar terms. In other words, whether it's fewer prison cells, which we've talked about today, and less crime and mayhem and social disorder and all that. But also, all the positives.

To show what we get in the way of people getting to higher ground, having higher incomes, being able to go out and advance in their chosen line of work and so forth.

I think what we need is something like almost a 50-year time horizon, where we lay out and we say, look, you really have to think about this as a long-term situation because we're not just talking

about interdicting a person's life for 6 months or 2 years. We're talking about getting somebody fully integrated into the system and prepared so that they can really contribute to the country, be self-supporting, form families if and when they wish to, and so forth, and have that kind of very positive contribution all the way up and down the line. And so, I'm thinking that what we actually need is a more convincing way of showing what the big dollar gains are, as apart from just the humane side of the argument.

We would do it in this room, those of us here talking now, for reasons of just the common sense and the human decency and what this country's about. But there's also an enormous economic reason for doing this. There's a tremendously powerful economic gain to be had.

So even for those people who want to engage this issue only on a dollars-and-cents basis, I think we have a response to that point of view that's every bit as compelling as the equity and decency argument.

And I think we can show quite convincingly that if you take it over four or five or six decades, that America will be much better off economically, will gain many, many times over dollar-for-dollar what it spends on the front end in terms of sensible investments in its people.

I don't know that we've ever managed to construct the equation over a long enough timeframe so that we take the financial gain that we get from a decent social strategy and use that as a way to really address and demolish a lot of the nay-sayers and those people who say, well, we can't afford to do it because we don't have the money, and instead, wait and we'll spend ten times as much money to build the prisons and hire all the prison wardens later, after you've had a whole series of violent crimes.

I don't know how we might construct that large cost-benefit relationship for the country so that we not only don't get blind-sided by the economic argument, but turn the economic argument around the way it actually is and use it as a selling point. Do you see what I'm saying?

Dr. CURTIS. Yes, I do. You've locked into a very important point. The answer is, yes, we do have the evaluation skills to create those kinds of cost-benefit studies.

Sadly, many Federal programs over the past 25 years haven't been adequately scientifically evaluated and so that information hasn't evolved. But for the most successful ones that I'm talking about, there was enough foresight to create the right designs.

We are going to be meeting next week with representatives of the General Accounting Office to address just these kinds of issues in terms of improved long-term evaluation for these programs.

To be politically realistic in terms of this \$30 billion-per-year budget, we are calling for incremental increases which will also slowly expand the capacity of nonprofits, while the overall priority remains on economic recovery and stimulus, deficit reduction and health care reform.

Can we find the money for the kinds of funding that we're calling for over a 10-year period?

Well, as has been said here by many other people, of course we can find the money. We found the money for the Gulf War. We

found the money to bail out the savings and loans. It's not a technical issue. I can give you the Eisenhower Foundation's plan. You can hear the plan of the NAACP, the plan of the Urban League, and many others. Certainly, there are technical ways of doing it. The issue really is political leadership and political will.

When it comes to political leadership, I want to conclude by saying I think the biggest obstacle to a program equal to the dimension of the problem is not so much the Boyz 'n the Hood, but the boys on the Hill. And the girls, I guess.

To implement Václav Havel's butterfly effect, congressional committees must be redesigned along functional lines. This is a crucial hearing. To make it relevant to everything that's involved in the inner city, you need Labor and Human Resources here. You need Judiciary, Government Operations, and Finance. That needs to be worked out by Congress.

To reverse the betrayal of American democracy by greed, we need real campaign finance reform. That's very relevant to the inner city. And we need real controls on the people with \$1,000 suits and alligator shoes on K Street, and we need it now.

To respond to obstructionist Senators who have recreated gridlock on jobs for the poor, and who still practice supply-side voodoo economics, I think that major foundations must significantly expand funding to citizen watchdog groups, like Common Cause, like CongressWatch, and like the Center on Budget Priorities.

Will Congress change its Byzantine, gridlocked, fragmented, categorical, soft money ways? I don't know. I am hopeful. I know that this committee, under its leadership, will try very hard. I know that Chairman Gonzalez feels the same way. But there are still question marks.

Right now, I see, though, a great bit of hope in terms of the new leadership from the Clinton administration at the very top. Like you, Mr. Chairman, the administration understands what does work. I see in that leadership a partnership, and here I use the word in the right way, with the grassroots, because the grassroots level is where we need to implement what works.

With that kind of partnership, through your kind of leadership, the Clinton administration's leadership, and grassroots leadership, I think, finally, after 12 years, we can return to ask the question that Langston Hughes asked: What happens to a dream deferred? Does it dry up, like a raisin in the sun? Or fester, like a sore, and then run? Does it stink, like rotten meat? Or crust, and sugar over, like a syrupy sweet? Maybe, Mr. Chairman, it just sags, like a heavy load. Or does it explode?

Thank you.

The CHAIRMAN. Let me indicate at this point that we're in the middle of another rollcall where the second bells have rung, and I've got to go now or miss the vote and I need to vote on this. You'd want me to vote on this, vote against this. I'll be back in about 10 minutes and we'll resume.

Ms. Watson, I appreciate your patience. It's been a long morning and early afternoon because this is what we need to be talking about. We need to take the time to do it and do it right. So, if you'll bear with me, I'm going to put the committee in recess for about

12 minutes and I'll hurry over and vote and we'll be back, and then we'll commence with you.

The committee stands in recess.

[Recess.]

The CHAIRMAN. The committee will resume.

Let me again thank you, Ms. Watson, for your patience, and Dr. Curtis, you as well. We'd be pleased to hear from you now. You bring a very important perspective. And I'd just say, when we came across the witness table today, to start from the assessment in south-central Los Angeles, go through the Kerner Commission, go through the Eisenhower Commission, and come up to today, to your perspective from the vantage point of Detroit and Michigan, and also your national view, I think really gives us a kind of continuity through this issue that's very important. So, I'm very interested and I'd like to hear from you now, Ms. Watson.

**STATEMENT OF JOANNE WATSON, EXECUTIVE DIRECTOR,
NAACP DETROIT, DETROIT, MI**

Ms. WATSON. Well, thank you very much, Mr. Chairman. We hold you in great esteem in the State of Michigan, your home State. We're very proud of what you're doing here, convening this very important, we believe—there have got to be other sessions going on. Nothing more important than this. So I want to thank you on behalf of our president, Rev. Anthony, and our national executive director, Rev. Ben Chavis, who send you their regards.

The CHAIRMAN. Thank you very much.

Ms. WATSON. I'll have a written copy, which I hope can be provided for the record.

The CHAIRMAN. Without objection, it will be a part of the record.

Ms. WATSON. Urban America, in many respects, represents the classic dichotomy of the tale of two cities. On the one hand, many people in urban America, including African Americans and other people of color, enjoy probably for the first time, middle-income status, a lifestyle that has provided them with access to first-generation college opportunities. Many of them have quality-of-life resources that may not have been available 25 years ago.

And some of that counters and refutes stereotypical dogma that too often wants to depict urban America, urban residents, African Americans and other people of color as somehow predisposed toward crime, drugs, hopelessness, and self-destruction.

Key areas of progress include, of course, the late Reginald Lewis, who was the great CEO of Beatrice Foods; Mae Jameson, who has cracked the barrier in science and technology. However, the discernible progress that has been identified oftentimes in the media, with the numbers of persons who have gained access to higher education being very large over the last 25 years, all of that progress is tempered and stalemated by root problems that continue to stem from those factors identified in the Kerner Commission report 25 years ago.

In the field of education, the school funding system continues to reinforce an academic apartheid for our children, which provides poor students, students who are in urban districts, sometimes only half of what is available in affluent districts.

In Michigan, for example, Detroit students receive on average of about \$4,200 per pupil per year; in a neighboring affluent district in Oakland County, the students are afforded some \$9,000 per year in school costs. That school funding inequity is deep-seated, has been attacked with State legislation and other efforts over the years, but has not been impacted at all. It is essentially the same or worse than it was 25 years ago. Economic development in urban areas continues to be more shadow than substance.

Major industries throughout the country, especially in an area like Detroit, have catalyzed white flight from urban communities and have left urban communities largely populated by persons of color, people who largely lack access to high levels of quality of life, and persons who are then blamed for failing conditions in those cities, as if they somehow led the way for businesses to leave, as they have done in the city of Detroit.

On the bright side, many urban communities like Detroit have spawned a lot of self-help programs, self-determination, entrepreneurships, economic development programs designed to stimulate jobs, enhance the tax base, and build levels of ownership and empowerment.

We believe this to be a critical element toward addressing some of those root causes of social decay. We believe, though, that as we talk about self-determination and self-help, which the NAACP, as it particularly has been articulated by our leadership, does not in any way take away the responsibility and the accountability of government because people in urban communities are taxpayers, too.

Somehow, providing some kind of investment for urban America, in the minds of some, has been deemed something negative, some kind of a handout, as if we were not investing in other parts of the country. All of America deserves investment.

We believe that the progress that has been achieved, and that is limited progress in the last 25 years, has been undercut by African Americans, who more frequently reach prison than entry-level employment. They more frequently enter the drug trade than international trade or skill trade.

African Americans are more frequently exposed to overt racism and brutality at the hands of key officials than to equal protection under the law. And the notion that racism and fighting discrimination happened only 25 years ago, or is passe, or is something designed only to keep certain organizations in business, is part of the denial that is keeping America in trouble.

The systemic factors that contribute to the current status of urban America include institutional racism and classism, blaming the victim, like a Federal violence initiative program that now seeks to uncover so-called genetic predispositions toward crime among poor black men. This is very dangerous. What predisposes communities toward crime is not having any jobs. The money that's being invested in that kind of dangerous study would be better invested in economic stimulation.

Cosmetic approaches which attack symptoms rather than root causes are clearly available, not only in Los Angeles, but all around the country. Apathy, denial, and communication and images that seek to juxtapose urban America against the rest of America—we actually had people calling us in Detroit in the NAACP, after the

Rodney King flawed verdicts of 1992, asking us, where were the riots going to break out in Detroit?

These were from major media entities who were somehow seized with the notion that this was the way they ought to be handling the situation, by dealing with urban cities like Detroit as if they assumed there was going to be some violent destruction, and it was that kind of message that became preeminent, rather than messages that looked at the whole area of justice, the climate of respect and dignity for all citizens that ought to be taking place in law enforcement institutions.

As we look at recommendations for solutions, we would like to suggest that we lean more heavily toward the proactive, and not just the reactive. There's a crisis mode, almost a society that seems bent on responding to crises like riots and rebellions, rather than taking a hard look at systemic root causes that have been laid out so clearly by the Kerner Commission and by the Eisenhower Report.

These things are clear. They're irrefutable. They are documented. And the notion that none of those so-called Great Society programs worked is pure crockery.

I'm a product of the Upward Bound program. I'm in the first class of Upward Bound at Wayne State University. Those Head Start programs were well documented. Those entities who want to somehow wash away the reality, the success of the part of those great opportunity programs, which were not poverty programs, as someone called them earlier. They were designed to move people out of poverty.

The CHAIRMAN. They were in fact called anti-poverty programs.

Ms. WATSON. Anti-poverty programs, not poverty programs. We need to look at what worked and dismiss what didn't. America needs to stop dealing with urban America as if it were some kind of new world disease—crime-ridden, drug-infested, immoral, welfare-dependent, undereducated, and unemployed, bent on destroying themselves and others.

That is not an empowering view. Urban America is connected to America. There is nothing that is happening in urban America that is not happening anywhere else in America. And that notion that we are somehow in but not of the country, only reinforces that polarization and that dangerous stereotype that has caused America to be at this crossroads at this point.

We believe that America must seek to address the highest common denominator, not deal with people who want to deny racism and deny that levels of oppression occur, who want to somehow wipe away all the evidence that shows we must have investment in our communities if we're going to have people employed.

We must invest in our children if they're going to be educated. We need to approach urban America with the same respect, dignity, and shared understanding, and commitment, and resources that we display at world summits.

We need to wean ourselves as a country from corporate welfare and the tax breaks. Mandate that the tax breaks that are now enjoyed by corporations be translated not just into job credits, but into real jobs for real people.

We must not succumb to that summer job mentality in lieu of long-term ownership and entrepreneurship and investments that will transform our communities into communities that will be filled with levels of self-determination, new sense of empowerment, new images. Create out of a city like Detroit, out of a city like Chicago, out of a city that is burdened down—even East St. Louis, Illinois—there are cities that people have given up on a long time ago that are filled with people who deserve the right to have the respect and the dignity of their country based on the taxes they pay. The fact that they are citizens tells you that much.

People often ask, what do these people want? They certainly ask us that in the NAACP. People want to work. They don't want hand-outs. People don't want welfare. They want jobs. They don't want make-work. They want jobs. They want an opportunity to share the profit. They want to own key industries, not just work and consume.

Urban America wants access, not special treatment. Sweat equity. Equal, affordable access to transportation. Urban America wants the same thing everybody else wants. We want an opportunity to share, to work, to rear our families, to take care of business, and for it to be understood that we pay taxes, that we paid our dues, that we pay a heavy price for choosing to stay where we stay. We are not an underclass. What we suffer from is an underinvestment, underrespect, underdignity, which cripples all of America.

W.E.B. Du Bois, who was the founder of the NAACP, said, at the turn of this century, that the problem of America is the color line. And it is tragic to say that the problem of the 21st century is still the color line, as we see reflected in the Rodney King beating and the tragic murder of Malice Green in Detroit. We have the Rodney King videotape. Even with the videotape, the jurors in 1992 convinced themselves they could not have seen what they saw.

We believe that America needs to sponsor a domestic economic summit, not as a grandstand, but as a hands-on investment with demonstrated money provided to programs that have a proven success rate, not giving to people with just big mouths and big histories. Give it to people who are already working with you, are already working with people in need, not who have to find them.

We believe there ought to be an international trade policy set up with some of the urban communities that now cannot see the light at the end of the tunnel. New York and Detroit are the two cities in this Nation that have the most frequent travelers to Africa. We could take advantage of that, particularly in these two cities, by setting up international trade that is not just designed by the local municipality leaders. It could be stimulated by the Federal level. Take advantage of the travel that is already going on, turn it into something that could pay back for us.

There are other levels of investments that these banking institutions ought to be making that they're not reporting, and I know they're not doing.

They're woefully inadequate in the reports we receive, although the NAACP, along with many other organizations, is part of a fair banking alliance. We meet with the banking industry, stimulated by the kind of progress you've led here. But it's not enough. In the

State of Michigan, \$4 billion was invested in residential mortgage loans last year by all of the banking industries. Although greater Detroit has 28 percent of the population in the State of Michigan, of that \$4 billion investment from the banks, \$47 million—that's million—was earmarked for the city of Detroit.

That's an indictment of our collective failure to hold responsible the finance industry that benefits from us and gives too little back. No area needs investment more than the city of Detroit and there is no justification for that lack of responsibility, corporate responsibility from the banking industry.

We believe that the disparity in so many instances of the institutions surrounding us, like auto insurance, where Detroiters pay twice as much as anyone pays outside the city. And if you're in Detroit, Flint, Saginaw, Angster, you're going to be paying twice as much, on average, just to drive your automobile.

So we're paying unwritten taxes just for the price of living in urban America. Those kinds of unseen taxes exact a heavy price from our community and it's a heavy toll to pay.

The CHAIRMAN. And if you don't have the money to get a car and pay the car insurance, getting to a job, even if you can find one, can be impossible.

Ms. WATSON. That's exactly right. We believe that the best anti-gang plan, the best crime prevention plan, the best drug prevention, the best family stability plan in urban America is jobs, and economic stimulus, provided not only from our own self-help, self-determination—and we're not just talking about what the Government ought to do. The NAACP in Detroit led a busload of our own people to a community inside the city so that we could stop the exodus of dollars leaving our city, so that we can strengthen our tax base, create jobs.

We planned to leave \$10,000 on one Saturday afternoon. We left \$20,000. These are from working-class people. We told them to spend their Easter money in their own communities. We identified people in the community who would give them discounts. We're going to do this every month.

We're determined that, for our part, we're going to turn around the mentality from our own community that sometimes does not understand the link between how we spend our money, our consumer behavior, and the loss of jobs and the loss of tax base.

But coupled with that, with this self-determined, self-actualization piece that the NAACP and others are engaged in, we believe the Government must invest. It must invest. It must lead to feed the climate for new business, not quick-fix approaches like they tried in LA last year, but real substantive investments that will lead to long-term jobs, long-term economic revenue and revitalization of urban America.

Urban America's problem is America's problem. We're all in this together. There is nothing happening in Detroit and in the rest of the urban scenes that is not already reflected or will be reflected in all of America. This is our opportunity, we believe, to change and reshape the dynamics of America so that we're not just responding to rebellions, but addressing real needs in a proactive way.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much. I'm struck by what you say and the thoughts and reactions to your testimony. One that struck me is that, and it also relates to what Dr. Curtis was saying. Back in the days when we were in this terrible Cold War situation with the old Soviet Union, if the KBG had set out to devise a strategy to hurt America, and you would think about what they might do to damage, severely damage our urban centers, the kind of strategies that an outside force would create to damage our cities would probably be a strategy like what we see happening.

Ms. WATSON. We've done it to ourselves.

The CHAIRMAN. Namely, no jobs. Jobs disappearing, insufficient tax base, crumbling infrastructure, second-rate education, as you said, a lack of routes up and out, the fading away of Federal Government support, getting rid of the UDAG program, getting rid of revenue sharing, starving down the programs, underfunding Head Start, not having enough money in the Upward Bound program, and so forth and so on.

In effect, what we've been doing in a diabolical way is almost the exact strategy that you would employ if your intention was to wreck a city. In other words, this is what you would do. So we've been embarked on policies and strategies of commission and omission which create the very conditions that we're here talking about.

I think it's so striking that 25 years after the Kerner Report, we're in worse shape with respect to these problems than we were a quarter of a century ago, in part, because things that we were trying that did work, like the anti-poverty efforts, have not been sufficiently supported. They've been cut off in many cases or they've been so underfinanced, that, yes, you get some positive result, but not nearly the scale of result that we need or we could get if we really had an effort that was as serious as it should be.

We have had earlier hearings here on the findings of the 21st Century Commission on African American males. And one of the most powerful statements, and this is with respect to the racism, brutality problem, was the testimony of one of the most outstanding actors in America today, a young man named Blair Underwood, who came in to testify, who lives out in the Los Angeles area, in the Hollywood area, in a very nice neighborhood and obviously, he lives in a very nice home.

He was driving home one day in his automobile—I don't recall what it was, but it's obviously a very nice automobile. And as he was pulling up in front of his house, a police car was following him down the street. And as he stopped in front of his own house, the police car pulled up behind him and the police officer got out and came around. The officer was abusive right from the beginning and asked him what he was doing in that neighborhood.

He began to tell the police officer that he was in front of his own home. The police officer took exception to what he was saying and pulled out his gun and ordered him out of the car and onto the ground in front of his own house and, at gun point, interrogated him as to what he was doing in this neighborhood.

Now he told that story at this witness table, so this is a first-person account. But those kinds of situations, in addition to the other things that we have seen like the Rodney King beating,

which we would not have known about, but for the videotape. Or the situation you referenced in Detroit.

Ms. WATSON. The thing with the Rodney King incident, had it not been for the videotape, it is Rodney King who would have been on trial, certainly not the police officers.

The CHAIRMAN. Exactly.

Ms. WATSON. And it's that telling knowledge that happens every day in urban America. For every case that gets notoriety, like the one with the videotape, you have hundreds that go not only unnoticed, but with a reverse outcome because the person who has been victimized becomes the person who is on trial.

The CHAIRMAN. Right.

Ms. WATSON. And it's that inequity, the disparity in the justice system, that just traps America into a never, neverland, unless we begin to admit our problems and stop denying racism. It is that denial that is helping to weaken our infrastructure.

The CHAIRMAN. Well, that second trial that was just concluded brought by the Federal authorities on the Federal civil rights laws, presenting the case with the videotape, but with all of the other information, I think brought from that cross-section jury a verdict that was a warranted verdict in terms of what the facts are.

Now, that's just one case, but I think it has the effect also of sensitizing and awakening a lot of people in this country to what does happen. Just like the Blair Underwood story reflects it in one way, he tells that story. But seeing that videotape, as virtually every American in this country has now seen it, tells this story—thank God, Rodney King is still alive. It's a miracle he's alive because any one of several of those blows might very well have killed him.

But I think it underscores the point of the racism side of this, which is also—it doesn't just come through the abuse of official power, instances like that, but it also comes through with this deliberate blindness as to what the problem is.

Ms. WATSON. Exactly.

The CHAIRMAN. Well, we can't do this because we don't have room in the budget. Or the budget caps in such and such an area just don't give us the maneuvering room to do this.

Meanwhile, we're financing things all over the place, all around the world. I'm convinced that the main reason that the Bush administration was removed from office is that they had an economic program for every country in the world, except one—this country.

Ms. WATSON. You've got that right.

The CHAIRMAN. So now we've got a chance to have one for this country. But if it's one that only sees with one eye and doesn't get to these problems that we're talking about today; it's not going to work. And that's why it's a tragedy, really, this summer jobs initiative, which, if anything, was too modest. Some complain it was too big. That wasn't really its problem. Its problem was, if anything, it's much too small.

Ms. WATSON. It's not too big.

The CHAIRMAN. Here, the Japanese this year, just announcing that they're going to have a \$114 billion stimulus program to create jobs in their economy because the unemployment rate is all the way up to 2½ percent.

I wish we could get ours down even close to 2½ percent, but they've decided to do that. Last year, they spent over \$90 billion to put some additional strength into their economy and help employ their people.

So if they can spend \$200 billion-plus over a 2-year period of time, are we to believe that the United States can't spend \$16 billion? And then the President shaved that down to try to work out an accommodation to \$12 billion, to get some of this money out to South Los Angeles or into Detroit or the other communities to say to the young people, not only that they matter, but that there's a way for life to be constructive and positive and to get a work experience and get something on a resume and to be able to do as you did, and that is, to have a ladder to climb and to begin to get to where a person ought to be in terms of fulfilling their potential.

And so, I'm convinced, and you were here earlier, I'm convinced that Henry Cisneros is absolutely determined to fashion a strategy that will be a sensible, workable grassroots strategy.

Whether this country will provide the financial strength and the support to get it done with the encouragement of the Eisenhower report and the other work is really the outstanding question.

Are we prepared as a Nation to face up to the fact that it's time to invest in this country and our people, particularly in our urban centers? And I'm struck, too, by the fact that we really have two choices here. One choice is to allow these trend lines that are now in place to continue. And I think that's a strategy that is a disaster strategy.

Ms. WATSON. Absolutely.

The CHAIRMAN. And it's an intolerable strategy and it's an inhumane and indecent strategy, quite frankly. It doesn't fit in with anything that we say we really stand for in this country.

The other path, however, is a path of intelligent investment and help which will return benefits and dividends, human dividends and economic and financial dividends many, many times over.

So it's not as if we don't have a constructive and positive path open to us. We don't have to look far for other examples. You cited some, particularly in terms of what we see other countries doing, what we see going on in other nations.

How is it that they're smarter than we are in terms of their willingness and their initiative in terms of investing in the economic foundation of their own country and in their own people?

But I think the racial problem remains one of the things that's really blocking us here. And I think how we force our way through that issue. I think we have to continue to talk about it. We have to continue to put it into focus. I think we have to continue to reach people in terms of their own conscience and what the realities of the situation are.

And I think we're making progress in that area. We're not making as much as I'd like to see, but I think we're making progress steadily. But I think there are other things where time is against us in a dramatic fashion.

I don't know how somebody who's on the outside looking in today in our society, whether a person of color or whatever, who sees no way into the system, and is thwarted and their family is thwarted because of economic deprivation and circumstance, how they can

feel the right kind of affiliation to this country, especially when you can see on any television set what the good life is. It's there for others, but it's not there for you.

Ms. WATSON. One of the things that's happening in many communities, people of color—and I say people of color consciously because we don't talk about our society in terms of just black and white.

The CHAIRMAN. Right.

Ms. WATSON. But people of African descent, the Latino population, Asian Americans, native and indigenous people, and other oppressed people, come together to have coalitions built around common goals, common programs and a collective understanding of where we need to go.

It avoids that policy of having a few groups fighting over crumbs, when we ought to have access to the whole pie. And that is something that has changed. We're also looking at marketing for diversity in a way that does not avoid hard issues like racism.

Now there are some people of color who have become opportunistic. They take advantage of affirmative action programs, and the first thing they want to do is deny the existence of racism, which has created—affirmative action programs were created out of the knowledge of institutional racism.

So we need to look at the highest common denominator and not sink to the lowest in dealing with this issue.

We have a lot to work on and I think we have the resources. If we'd only have the guts to do it, we can change this.

Dr. CURTIS. Mr. Chairman, when you were talking, I was thinking about David Ginsburg, the executive director of the original Kerner Commission, who is now 82 years old and going strong.

He describes eloquently how President Johnson called him out on the nights of the riots. He went across the entire country and he saw Detroit and saw Newark burning and he saw so many other cities burning.

He was very frustrated and he says that, although he hopes it's not true, in his mind, the only way that this agenda can continue to be discussed in a realistic way in the United States is if we periodically have another riot. I hope that's not true, but, in the past, our response has been reactive and I hope you and your work and your leadership can make it more proactive.

The CHAIRMAN. Well, we're here today and in our efforts to try to find a different strategy and a different path. And it takes an awareness in the citizenry, generally. It takes a President that cares and that's tuned in and is willing to work on these issues. And it takes some partnerships of people reaching out for one another and really putting together enough strength to make change happen in this country.

I think we can do that. I'm absolutely convinced that we can do it and that we have to do it and that the time is now. I think there's now an opportunity. I lived through every minute of these last 12 years, as you did, only I lived through it here.

We had 8 years at the movies with Ronald Reagan, if I may say so, without being disrespectful to a former President. And then we had the continuation for 4 more years with Bush and Quayle, where there was a turning away from the basic needs of this coun-

try, and papering it over and sort of pretending that in fact, either it didn't exist or it would take care of itself or a thousand points of light somehow magically would take care of it.

So we've lost a lot of time. The problems are a lot worse. We've got more people on food stamps in the country right now than we've ever had in our history.

Ms. WATSON. That's right.

The CHAIRMAN. And the studies show us that the highest level of child poverty in any major city in this country right now is in the city of Detroit. And my hometown of Flint is number four on the list. Those are intolerable circumstances that no society should be willing to accept or tolerate for a single day.

And I'm struck by one other illustration that's been very powerful to me. We had a situation years ago in another city in Michigan. This is really about the potential that we have inherent in our people out there, people today that we're ignoring and forgetting about and leaving behind.

We had a child born in Saginaw, Michigan. And in that period of just a few minutes after the birth of that child when the baby is taken out of the delivery room and is taken into the room where they're washed and certain treatments are given and their eyes are—silver nitrite is put into their eyes to protect against infection. At that moment in Saginaw, a terrible mistake was made and the person doing that got the wrong medicine and blinded this little minutes-old child in Saginaw. It happened to be an African American child.

By just that sheer tragic mistake before that baby was literally here 5 minutes, its sight was gone. It could never be regained. And you might say to yourself, what chance does that child have or if we're going to focus our efforts in this society, where should we put them—the nuclear weapons program, Star Wars, you name it, versus investments in our people and particularly in our inner-city situations.

That child went on to become probably the most talented musical genius that I know of in this world today. I'm speaking of Stevie Wonder, who not only performs in such a magnificent way but has also literally created and written so much incredible music.

And you might say, how many other Stevie Wonders in one capacity or another, are there out there this minute in other communities across this country who may be carrying the weight of the racial discrimination, as well as a difficult or an impaired start in life? Hopefully, not like an accident of that kind, but you can have an impaired start for all the reasons that we've talked about today.

But I think, to me, that the illustration even of that one child and the potential that was there to overcome that incredible piece of adversity at the beginning, tells us something about what's out there today across our society.

I don't think we can write off anybody. I think there is in each of our people throughout this country, regardless of race or location—we've got more of these problems in our inner cities, clearly—that the country has to be prepared to care about its people and to respond to its people.

In fact, that's the basic purpose of a country. We talk about national defense. National defense starts at home. It starts with

being able to eat, not starve to death, be in out of the cold, have the basic requirements of life and be able to be self-sufficient and move ahead.

So we're going to continue down this track. I want to thank the two of you and the others that have spoken today for continuing to get the foundation of knowledge and insight and ideas and urgency in place so that we can change direction in the country.

I'm convinced the President wants to do it, that the First Lady wants to do it, and that there are enough of the rest of us around this country who believe in what we say in terms of what this country is supposed to stand for. There's no reason why it can't be done. The next 25 years don't have to look like the last 25, and we can't afford to have that be the case.

But I don't want to have another situation like this come down the track 25 years from now, where somebody's in this committee room wondering why it was that we missed the boat for another quarter of a century, the same way we've largely missed the boat since the Kerner Commission report was written.

Ms. WATSON. The tragedy would be the money that was turned down this week for the very special package that would have helped urban America in a larger way, that that money was turned down on the basis of not enough money. And then the Government might have to invest even more to stop some other level of devastation, when it's much better to be proactive and to stimulate growth, rather than have to respond to some kind of crisis.

The CHAIRMAN. Well, that's exactly right. Senator Campbell was talking about the cost of prison cells, to build them and to maintain somebody in that setting.

The notion that somehow or another, we're going to escape the consequences of our policies or lack of policies is just not so. For a tiny fraction—we had a witness in here the other day that pointed out that one of the fastest growing job categories in the last decade in this country was prison guard.

We can do better than that. We must do better than that.

Well, thank you both very much for your leadership and for your presentations today.

Ms. WATSON. Congratulations to you.

The CHAIRMAN. The committee stands in recess.

[Whereupon, at 2:25 p.m., the committee was recessed.]

[Prepared statements of witnesses and additional material supplied for the record follow:]

PREPARED STATEMENT OF SENATOR ALFONSE M. D'AMATO

Mr. Chairman, I am pleased that we are holding this hearing on the eve of the one year anniversary of the riots that occurred in Los Angeles and to a lesser degree around the Nation. The images of the events in Los Angeles a year ago remain with us just as the 1919 riot of Chicago, the Harlem riots of 1935 and 1943, the Watts riot and every other devastating display of urban unrest will remain in the memory of those who were witness to such tragedy.

Our commitment to our inner cities should be an investment in people. The Federal Government must invest in programs that will best promote strong economic growth, job creation and safety for the citizens of our Nation. We must build a future that creates opportunities for independence. Our continued reliance on ineffective band-aid approaches is systematically flawed and must be redirected.

Programs such as, Enterprise Zones, Community Development Block Grants, Cities and Schools and Community Development Banks invest in people and their communities. They provide a solid base of resources to strengthen the fundamental institutions of family and community. People who have the opportunity to take control of their lives will respond to economic incentives and become self sufficient.

I strongly supported legislation to create Enterprise Zones last year. Unfortunately the program was part of a larger tax bill that was vetoed by the President. Enterprise Zones will help cities and residents help themselves. Enterprise Zones create new jobs, encouraging entrepreneurship and financial investment in economically disadvantaged neighborhoods. Enterprise Zones encourage independence rather than dependence by promoting self sufficiency.

Investment in our communities by providing decent housing, a suitable living environment and job opportunities has always been the goal of the Community Development Block Grant Program (CDBG). CDBG is one of the largest and most important sources of Federal funding to States, cities and towns today. It has provided a comprehensive array of activities to improve the physical, economic, and social conditions throughout their communities. CDBG dollars have spurred private investment and created jobs for local residents. As I have stated a number of times this year, I believe that the administration should move this funding out of the pipeline and into the communities as quickly as possible. As much as \$8.8 billion CDBG funds remain in the pipeline.

Mr. Chairman, last year I offered an amendment to authorize \$10 million for the Cities in Schools Program (CIS). This amendment was passed into law as part of the Housing and Community Development Act of 1992. The Eisenhower Foundation recommends replicating the Cities in Schools Program as a component in addressing the needs of our Urban centers. CIS provides a sanctuary from the street, offering both social support and education in what amounts to an extended family. The idea is to offer as many social services as possible while providing an education and job training. This program has already been successful all over America and I hope that it will receive full funding in FY 1994 to provide help more inner-city youths realize their potential.

Our Nation's inner cities and other economically distressed neighborhoods are in dire need of credit for community development. We need to find a way to encourage banks and other lenders to return to these areas and to provide the credit needed for economic redevelopment. Community Development Banks are basically ordinary banks with an extraordinary purpose. By pooling resources and talent under one roof, community development banks can focus their efforts on designing products that meet the special credit needs of inner cities and rural area.

We cannot afford to look the other way and hope that the problems facing our inner cities go away. I hope that Congress can rise to the challenge of addressing these issues and find a solution in a time of limited funds. We must promote independence not dependence. Our ultimate goal must be to help people to help themselves. I look forward to working with my colleagues to do just that.

PREPARED STATEMENT OF SENATOR CAROL MOSELEY-BRAUN

Mr. Chairman, I am pleased to participate in this recognition of the historic work of the Kerner Commission, the ongoing good work of the Eisenhower Foundation, and the inevitable future work we all face if we are to bring stability, prosperity, and opportunity to our Nation's cities.

When the Kerner Commission began its efforts, the country was then led by a Southern Democrat, Lyndon Johnson, who through the promise of his "Great Society," pledged to wage unconditional war on poverty in America. Two and a half decades later, another Southern Democrat, Bill Clinton, has once again summoned the hopes and challenged the conscience of a Nation in need, pledging—after a decade of decline and despair for many Americans—to "put people first."

But in the passage of time between the ambitions of President Johnson and the hopes of President Clinton, for many families who live in our cities, poverty is more common than prosperity, prisons more common than storefronts, despair more common than dreams.

What the Kerner Commission saw 25 years ago as a "separate and unequal society" remains largely true today. But that wall has moved beyond the boundaries of race—the legacy of too many years of domestic decline and national neglect has divided our country into a society separated rich from poor, those with a voice and those longing to be heard.

What we have learned in the past 25 years is that neither people nor cities can thrive without the basic tools—the fundamental incentives to build a community—the three "E's":

Economy—Jobs and economic opportunity and the use of public funds to leverage private sector involvement;

Education—to create a tomorrow for children; and

Environment—making housing affordable and livable, a legal and law enforcement system that is fair and just; and, stable and nurturing families.

I am convinced from my discussions with President Clinton and Secretary Cisneros that they both understand the tools that we need to rebuild our cities. And, I couldn't agree more with the Eisenhower Foundation's call for investing in children, youth, and urban infrastructure.

President Clinton came to the United States Congress with legislation designed to do precisely what the Eisenhower Foundation, our Nation's mayors, and the American people wanted us to do. Unfortunately, some of my colleagues saw more merit in spending resources on parliamentary and partisan politics than in investing in Summer Head Start, jobs for our youth, aid to women, infants, and children, community development block grants, small business loans, funds for mass transit and highways, and additional police.

But the President and Congress must continue to fight for communities like East St. Louis, Illinois where poverty and unemployment are a way of life, and for public housing residents in the City of Chicago, who live in the constant shadow of crime and fear. They are the ultimate losers when we fail to fund what works, to invest in the youth who hold our future, or to repair our broken cities.

I am encouraged, though, by the many men and women who *have* answered the call to serve our cities. As the Eisenhower Foundation noted in its report, we need to encourage initiatives like Chicago public housing's Project Beethoven and the public-private partnership between the Hyatt Hotel in Chicago and Youth Guidance, a school-based community service organization.

I applaud the Eisenhower Foundation for its commitment to our cities and to building communities, and I thank Chairman Riegle for his vigilant efforts to maintain an ongoing dialogue and a constant focus on these critical issues. I look forward to hearing the testimony of Secretary Cisneros and the other distinguished panel members. Thank you, Mr. Chairman.

PREPARED STATEMENT OF SENATOR PETE V. DOMENICI

Mr. Chairman I am very pleased that you are having this hearing today, and that you have included Senator Fred Harris, who, when he served in the Senate represented Oklahoma, but who has spent the last several years living and contributing to his community in New Mexico.

Fred is an excellent example of a man who found success after serving in public life.

He has been an active supporter of the homeless and food bank issues. He has been an important voice at the University of New Mexico. He is the coauthor of *Quiet Riots: Race and Poverty in the United States*.

He was a member of the Kerner Commission which is the focal point of this hearing today.

The issues to be explored during this hearing include: Current state of urban America compared to 25 years ago; Possibility of riots erupting again in the U.S.; and, Recommendations for a national urban policy.

I personally believe the third of these issues is the one this Committee should zero in on.

Money, while important, isn't the solution. Communities need to promote the emergence of new approaches to address ongoing urban problems.

Some of you have heard references to the *CSIS Strengthening of America Commission* which Senator Nunn and I cochaired. Ross Perot said it was a good plan when he appeared before the Committee last week.

That report includes an integrated plan for putting our fiscal house in order—balancing the budget, abolishing the current income tax system and replacing it with a new, progressive, savings exempt income tax system. It also includes an “\$160 billion Endowment for the Future.”

It is a 10 year plan—not a quick fix. The recommendations in the Endowment for the Future section are particularly pertinent to today's hearing.

Nunn-Domenici Strengthening of America calls for additional funding for the same programs that the witnesses will testify in support of today. Senator Nunn and I included additional funding for the good programs—Head Start, WIC, Chapter I and others. We made room for them in our budget by cutting other lower priority programs and by putting a cap on mandatory non-social security entitlement programs.

But we also stick to a cap on discretionary spending. We say no new taxes until spending restraints are in place. Health care has to fit within the budget.

To be forthright spending would not be allowed to grow unbridled, but it would grow. Discretionary spending would grow from about \$237 billion in spending today to nearly \$270 billion in 2002, including nearly \$100 billion that would be included for additional infrastructure programs.

Our Commission found that for every \$1 spent on quality preschool education—Head Start, Even start—\$6 dollars are saved in later costs related to special education, public assistance, and crime-fighting.

Our Commission recommended making Head Start available to all three and four year olds. We support a full day option and allowing children from wealthier families to participate if they paid for the program.

Our plan would increase Head Start by \$46 billion over 10 years. Under Nunn-Domenici we would increase WIC by \$11.5 billion over 10 years. We called for expanding the childhood immunization programs. We would increase Child Immunization by \$15 billion over 10 years.

The Chapter I program is another good program that Senator Nunn and I believe is very important to helping the poor. We think it needs reform, but under our plan we would increase Chapter I by \$87 billion over 10 years.

The Strengthening of America's Endowment for the Future included support for innovative “Cities in Schools” programs that are basically “one-stop-shopping.”

Strengthening of America also called for creating a moral climate for the children. We called upon parents and teachers to provide a moral climate for children. We called upon the CEO's who are Strengthening of America Commissioners not to advertise on T.V. programs that were inappropriate for children.

I agree with Secretary Cisneros that we need to reexamine HUD's mission. We need to simplify regulations, promote program flexibility, decentralized Government control and flexible Federal funding are important. So are mechanisms to encourage private-public partnerships.

I agree with you, Mr. Secretary, we need to reexamine the mission of HUD and instill “a corporate culture” of accountability in Federal Government. One of the witnesses during yesterday's hearing said, “we need a new HUD.”

Former Albuquerque Mayor David Rusk believes that local governments are fragmented within metropolitan areas and that this fragmentation led to increased segregation by race and income. He suggested expanding city boundaries to include suburbs or instituting a metro-wide system of programs and finances to alleviate the burden placed upon central cities which harbor a disproportionate share of the Nation's poor. I would like the witnesses' opinion on this suggestion.

Another issue that I would like the witnesses to address is one that the New Mexico Secretary of Revenue and Taxation raised with me some time ago—Cities competing with each other to attract businesses and jobs. The cities offer income and property tax holidays, small issue IDBs, special utility rates and a host of other concessions which cost money that might be used to provide social services.

The practice has generated a vicious cycle. Financially strapped cities are desperate to expand their job base. They offer concessions that they can ill afford. Richer areas offer fatter concessions, and the anti is upped. Has this practice become counterproductive?

America held its breath as we all awaited the verdict on the Rodney King trial. We worried about the possibility of violence. I live on the Hill. It is an urban area. I see first hand every day some of the problems facing urban America.

To paraphrase, those who don't learn from history are destined to repeat it. For that reason, today's hearing is very timely and important.

After hearing some of the exchange this morning between Representative Waters and some of the other members of this Committee, I would like to have included in the record the attached table.

Thank you, Mr. Chairman.

**FEDERAL SPENDING FOR SELECT PROGRAMS ASSISTING
LOW-INCOME AMERICANS
FY 1981 - FY 1991**

	(\$ in billions)		
	1981	1991	Change
Medicaid	16.8	52.5	213%
Veterans Income Security	12.9	16.0	24%
Food Stamps	11.3	19.6	73%
AFDC (Welfare)	8.2	14.1	58%
Supplemental Sec. Income	7.2	15.9	121%
Veterans Medical Care	7.0	12.2	84%
Subsidized Housing	5.7	14.2	149%
Education for the Disadvantaged	3.4	5.2	53%
Child Nutrition	3.4	5.5	62%
Pell Education Grants (College)	2.5	5.1	121%
Earned Income Tax Credit	1.3	4.9	277%
Low Income Energy Assistance	1.8	1.7	-5%
WIC Supplemental Feeding Prog.	0.9	2.3	156%
Head Start	0.8	1.7	113%
Vocational and Adult Education	0.7	1.1	57%
Job Corps	0.5	0.8	60%
Maternal and Child Health	0.4	0.5	25%
Homeless Assistance	---	0.7	---
Job Training Partnership Act (JTPA-Block Grant)	---	1.8	---

**STATEMENT BEFORE THE SENATE COMMITTEE
ON BANKING, HOUSING AND URBAN AFFAIRS**

Washington, D.C.
April 28, 1993



by

SECRETARY HENRY G. CISNEROS

PREPARED STATEMENT SUBMITTED BY HENRY G. CISNEROS

Mr. Chairman, I want to thank you for convening this Committee to address the critical issue of Los Angeles one year later. It is imperative that we reflect on what happened one year ago, what has been done since then, what we have learned, and what yet needs to be done. You are tackling important questions here that will force us either to pay attention now or pay for problems later in our country's life.

It is no surprise, of course, that you and your Committee once again assert the leadership so necessary to confront the malignant problems of urban America.

You had the foresight to attack disinvestment with legislation challenging Government-sponsored enterprises to reinvest in our communities through the increased purchase of mortgages for housing for low- and moderate-income families and for housing in central cities.

You recognized the need for capital formation, helping to leverage funds from FNMA, Freddie Mac, and pension funds, and further helped attack discriminatory credit practices.

You expanded the Home Mortgage Disclosure Act and strengthened the Community Reinvestment Act, reinforcing our ability to combat discriminatory housing and lending practices.

I welcome your continued commitment to restoring civil health and economic vigor to America's communities, Mr. Chairman, and I look forward to a strong working partnership with you and the Committee to bring about an urban renaissance.

It is a pleasure to follow Representative Waters, whose welcome advocacy and leadership in job creation efforts is so critical to the South Central Los Angeles community. Representative Waters and Brenda Shockley and Community Build are helping to make a positive difference where it counts.

Mr. Chairman, less than two weeks ago, the entire country was on a kind of "verdict watch," waiting for the outcome of the case in which Los Angeles police officers were accused of using excessive force in the arrest of Rodney King. Would there be any convictions? Would people believe that justice had been served? Would L.A. once again explode?

Since the trial ended, an uneasy calm has prevailed. L.A. and the country survived that trial, but in a very real sense, our country is still on trial. We have yet to get at the underlying conditions and causes that fed the hostility of the Los Angeles riots . . . the sense of isolation, disconnection, and despair that festers just below the surface of Los Angeles and inner cities all across America.

We must find a way to bring economic lift to our poorest urban areas, a way to build a spirit of community within our cities and across racial and ethnic lines. Our success in meeting this challenge will determine for ill or good the verdict in America's ongoing urban trial. It will take a lot of hard work and rethinking, but I firmly believe that we can help the jury reach a verdict that will benefit people from all walks of life in urban America.

I feel that I'm one of the luckiest people around, able to work on the things I believe in and serve our country and serve a President who believes in communities and in finding both the values and the systems that will allow the sense of community to be shared by many Americans, especially those who today are not able, in the settings in which they live, to enjoy the benefits of community.

Like the President and like those of us at HUD, you care about our country and its communities, about their promise and their peril. We're inspired by the locally-designed turnarounds, by the national promise of, say, Baltimore—and you'll hear from Kurt Schmoke later in the day in the east; of Omaha, and Indianapolis, Louisville in the heartland; of Seattle and Salt Lake in the west.

But we've also seen the peril of heightened crime, of the plague of drugs, of fear on the faces of the elderly, of neighborhoods that have lost their life force—churches closed, ballfields emptied, downtown stores with vacant windows, factories with weeds that have overgrown the parking lots in communities of all sizes and all regions made up of people of all incomes and ages and races.

For every Portland, Oregon—the promise—striving to literally redesign its future—there's a community in peril where leaders glare at each other across a chasm of misunderstanding, even hatred, refusing to cooperate. For every city such as Tampa, meeting its promise by building homes using the Community Development Black Grant and matching it to the capital of commercial bankers, there is the peril of a city where the homeless look for a wind-free alcove, a sheltered stairwell, a steam grate to sleep through the frozen night.

And for every community of promise, like Rockford, Illinois, where people have come together across traditional lines, there are those communities in peril where the slow burn of anger smolders, occasionally to flare into terrible intensity, as in Los Angeles last spring.

I was in Los Angeles the day after the civil disturbances at the request of members of the city council and Mayor Bradley. And what I saw there allows me to speak to you today with great sense of urgency and clarity. But it is also clear to me that the white-hot intensity of a Los Angeles last spring was the combustion of smoldering embers waiting to ignite. Like piles of dry wood with red-hot coals underneath, other American cities can ignite—or maybe we'll just call ourselves lucky and they'll just keep smoldering, just keep smoldering.

Why are our cities smoldering? Well, perhaps it's a matter of isolation. Our cities and neighborhoods have become more geographically segregated by race, class, and ethnicity. Fifty cities of more than 100,000 persons now have populations that are majority African American, Hispanic and Asian. Fifty cities—significantly sized centers—100,000 or more population—and many of those have populations that are more than 60 percent minority.

Detroit—at 80 percent minority—is the most segregated city in the United States. White populations have left—some seeking the advantages of the suburbs, some fleeing the deteriorated, crime-ridden conditions, the physical environment of the city, and others escaping people, the minority populations themselves. The result is desperation, distrust and poor populations left behind to fend for themselves in racial enclaves.

And we ask, why are our cities smoldering?

Well, perhaps it's a matter of the loss of economic function amidst larger, global and national economic trends. Cities no longer play the same role that they once did. Urban economies have been completely transformed from the manufacturing, goods-producing engines of jobs they once were, when up to 30 percent of the jobs in many communities were in manufacturing, to the reality today of cities that offer finance and service jobs, frequently ill-matched to the populations who live in the cities, and we ask why are our cities smoldering?

Perhaps it has to do with the new face of poverty—geographically isolated, economically depressed, racially segregated. Cities have become warehouses of our poorest.

Today more than 2 million families are poor, despite having an adult member in the household working at a full-time job sometime during the year. It's a function of the kinds of jobs available in central cities.

One out of every five, children in our country is born in poverty. One out of every three Latino children begins life in poverty and one out of every two African American children—50 percent. The odds are the same as flipping a coin that if you're born African American in America, you're born poor.

Perhaps it has to do with the isolation of neighborhoods and the way people are forced to live. The economic crisis of the cities is exacerbated in poor neighborhoods so that low-income families don't have access to the necessities the rest of us take for granted. When they want to cash a check, they're forced to go to stores that often charge gouging rates. When they want to shop for groceries, they may have to travel miles to a supermarket. When their children go to school, schools often are dilapidated, if not outright dangerous. And when they need a health clinic, they frequently have no substitute but the trauma center of the public hospital.

For them, affordable housing is not a dream but a nightmare. There are 4.1 million more potential low-income renters than there are affordable rental units. Consider the cost today of building a single prison bed is \$53,000, about the same as building a subsidized home for a low-income family. And yet there simply are not sufficient affordable homes. Urban experts who review this litany of realities reserve their harshest criticism for the role of the Federal Government itself in reinforcing and exacerbating these terrible trends. It is for that reason that it is so important that thinking of the kind that you bring to the role of the Federal Government of its rules, regulations, assumptions and procedures is so critical.

After the first two months on the job, the clearest observation I could bring is that the Federal Government itself must change its way of doing business. Examples—large public housing developments have concentrated the poorest of the poor in housing that is overly dense, ill-designed, badly built and located in isolated, segregated neighborhoods. Example—the preference rules for tenants assure that those with the worst-case needs are concentrated in such public housing, and the income-targeting rules enable only very low-income families to be eligible for Federal housing assistance, impeding any economic mix—the kind that makes it possible to mix role models and working families with the very poor. When that has occurred, as traditionally in the New York Public Housing Authority, or imposed, as Vince Lane has been able to do in Chicago, the results are notable.

Cost containment and other rules of the past decade having to do with saving money have assured that when we do build subsidized housing, it looks like subsidized housing—making the location and the siting of affordable housing a near-

impossible task because people simply don't want it in their neighborhoods. And fair housing laws have been enforced with little vigor or innovation or commitment, despite pervasive evidence of discrimination in both the rental and the mortgage markets.

The regulations governing affordable housing activities of Fannie Mae and Freddie Mac, Government-sponsored enterprises whose conventional business exploded during the 1980's, the regulations on affordable housing were virtually ignored. And there's a near-total lack of coordination across department lines, between HUD and other departments that should be working together in the geographic focus of central city areas.

So, where do we go from here? Well, the magnitude of our urban problems and of the Federal failures has helped paralyze innovative thinking. Yet, the cost of doing nothing or just doing anything—something that responds to the wrong problem—is vast, almost incalculable. Los Angeles, in almost biblical terms, was a warning that America has to deal with its cities, or its cities ultimately will seek vengeance.

Over the past two months, we've been engaged in an effort at HUD setting a framework for addressing some of the ills of urban America and HUD's role. It's not an urban policy—at least not yet; but it is a work in progress. Our task has been to redefine our mission, ask what HUD should be doing in the 1990's in the environment of urban America today. What are our priorities? What are our goals? What systems can we best employ?

We've attempted to make this effort inclusive, bringing together not just the titled officials at the top of the Departmental pyramid, but bringing people from outside the Department and asking the people who relate to our constituencies, who answer the telephone, who do the FHA appraisals in the field, listening and reflecting on the beginnings of what I hope is a change in how we at HUD think about cities, think about the Department, and think about our personal/professional responsibilities.

Three processes have been underway in the early months of the administration. The first is to confront a backlog of inadequacies—General Accounting Office and Inspector General reports which lay out a series of flaws—the inadequacy of financial systems, the inadequacy of control systems, flawed organizational structure, and a host of other reports that list—depending on which report one studies—ten or 15 or 20 sets of high priority administrative management, structural questions.

We've put in place task forces and work groups, the most important being those headed by the Acting Assistant Secretary for Administration and the Deputy Secretary. And our hope is to identify a chief financial officer with specialized financial and control skills separate from the assistant secretary for administration in order to focus talent on the financial controls issue that have been highlighted and that have resulted in a reality that when people think about HUD, when the name "HUD" is mentioned in a word-association framework, the automatic association is scandal, ineptitude, bureaucracy, unresponsiveness.

So these systems that will allow us to get a handle on the preservation of subsidized units as affordable, low-income housing—instead of having them slip off the market at the end of the term that they were contracted for—they will allow us to control the flow of money to work with the housing authorities in assuring that public housing modernization funds are spent in the manner that they should be—for modernization and not backlogged in bureaucratic pipelines; to make sure that the Section 8 program, when it comes up for renewal, is, first of all, manageable in terms of the scale of the accounting for that, but also that it accomplishes its intended purpose.

So, the first big piece of our responsibility in these early months has been trying to identify the resources, hundreds of millions of dollars; the talent, the people we bring to the key positions; and the urgency in acting upon these management questions. Perhaps more than any other agency in the Federal Government, HUD will be judged, not only on its substantive accomplishments but on getting a handle on its internal administrative and financial problems.

A second process has been led by the Assistant Secretary for Policy Development and Research, and it goes under the rubric of what we have called "reinventing HUD." We've begun by asking hundreds of people in the Department what they think the Department's mission ought to be.

We also brought in outside people, people like Peter Goldmark, innovative thinker of the Rockefeller Foundation, David Hamburg of Carnegie, Angela Blackwell who runs a children's organization with a community-based orientation in Oakland, and Ernesto Cortes of the Industrial Areas Foundation in Texas, and others from around the country, to push us, help us think about what is the mission of this Department in the 1990's.

And the next step, then, was to set out a series of principles of public service, to ask our own people, starting with 100, breaking those 100 into teams that now are going into the headquarters—last week they met with over 500 people in the headquarters—to focus on these principles of public service. And this week begins a process of those leaders going to ten regional offices and 71 field offices across the country. To my knowledge, it's the first time any Federal agency has sent teams to the regions explicitly to solicit their opinions about the reinventing process.

The President, I know, feels very strongly, because we discussed this in a Cabinet meeting, that this reinventing process cannot just be an intellectual exercise; nor can it be something limited to Washington headquarters organization. But it must reach deep into the actual structure of the organization.

HUD is an organization of 13,000 people. It must understand as a structure, and every one of those 13,000 people must understand, these principles. And the only way that's going to happen is to communicate with people. As a student of public administration at George Washington University over 20 years ago, I read Anthony Down's book, "Inside Bureaucracy," one of the most important books in my experience. I wouldn't recommend it as light reading or fun reading. But it did make an impression on me when he described, for example, the behavior of organization.

You cannot expect an organization to do something that hasn't been taught, that hasn't been discussed, that hasn't been preprogrammed, that hasn't been, in some fashion, infused through the ethic of the structure. Not a military organization or a Federal bureaucracy or any other structure, corporate structure, can expect to perform without having talked it through. And that's the process we're about now.

We're trying to engage people to understand the meaning of the following principles—what would it mean for this organization to be accountable, to behave with honesty and integrity, to be responsive, to be flexible, to entrust authority down into the system of decentralized decisionmaking? What would it mean for HUD to be performance-oriented, as opposed to process or procedure-oriented, to be sensitive to those who are HUD's constituency?

What would it mean for an organization to celebrate, to work, to achieve, excellence? In practical terms, that would mean we would focus on training and improvement of people's skills. Not a lot of money has been put into training in the organization. We once had 17,000 people; we now have 13,000 people. The likelihood that there's going to be money for additional people is not great, and it's not clear at all that we would need to add 4,000 people. But it is clear that the 13,000 who remain have to be better at their job than before, and better at their job if we're going to entrust greater responsibility to them.

This is not just generic management training. It's training in FHA financial systems. It's training in public housing management and oversight. It's training in computers and research methodologies and so forth. But what we do want to do is create the meritocracy where those who improve themselves and invest in their education and perform in accordance with that enhanced development can be promoted.

And what would it mean for HUD to be an organization characterized by initiative, a willingness on the part of each employee to aggressively pursue HUD's mission in new ways? Well, this is the process of reinvention that's going on now. And the next step in this process is to create a core structure that relates to the Vice President's reinventing Government effort to simplify regulations, make suggestions for legislative change in our rules and regulations, change the organization, delegate responsibility deeper in the system, create new structures of relationships between the central office, the regional and the field offices, and to put in place new personnel practices and a new set of attitudes that might be called a corporate culture that is different from that which we work with today.

Now, the third piece, then, of what we're about is to go beyond creating efficient machinery for its own sake to really asking, where will this machine take us? What are the overarching values outside of the public administration themes I have just been discussing? What are the overarching values for changing life in America's cities—not just reinventing HUD but, in some sense, America's urban areas?

We've begun to focus on a number of themes. And, again, Mike Stegman at our Policy, Development and Research office has been a very big help in the refining process. We've sharpened and refined and combined and grouped, and I want to share with you a progress report on the three themes that we're identifying as the central values of what HUD can stand for in the 1990's.

First is the value of community. We hear the word "community" used in many ways. To some, it means a physical place, a community. To others, it means a spirit of common bonds. And to Amitai Etzioni and the communitarians, it means a specific consensus on how individual rights are balanced against the larger good.

But what does it mean for a city—a modern, big American city—and its relationship with a modern, big Washington bureaucracy? Well, we know what "community"

is not—it's not streets darkened by the shadows of vacant shells of buildings where no one goes for fear of sudden and vicious attack and where no one will help. It's not public housing where children die in the cross-fire of rival gangs and where security guards crouch around staircases to avoid surprising Uzi-wielding drug sentries.

It's not neighborhoods where everyone—young and old, 3-year olds and 73-year-olds—are on their own. "Community" is not decisionmaking where someone else—planners, architects, city officials, Federal bureaucrats, housing authority managers—everyone else but the people—calls the tune.

So, what is "community?" Well, it's a place where housing is built for poor people, that is functional, as sturdy, as dignified, as attractive as in a nice suburb—as in the central city neighborhood of Chattanooga, Tennessee, where Jim Rouse's Enterprise Foundation is at work. It's a place where activists have gained the respect of the city government and turned the city's attentions to their priorities—children—and call their effort "A Chance for Every Child" in Oakland, California. It's a place where church parishes are serving as the focal point for Nehemiah Housing in East Brooklyn, led by the Industrial Areas Foundation community organization.

The common themes? Neighborhood organizing, strong institutions, local institutions, experts in partnership with community persons. There must be a Government that respects community, that is organized to help communities, that facilitates the efforts of communities, that is not afraid to say that, yes, it will cost something, but not as much as we will pay for neglect. We must rely on people in communities—nonprofit organizations, community development corporations. And the thrust of our efforts must be to create a HUD that enables communities to be masters of their own destinies—places where people can talk to each other and conduct a civic dialogue. We recognize that the Federal Government—and certainly those of us in the headquarters—never build one single building, one single house with our own hands.

What we can do is fund community development efforts, build the capacity of neighborhood organizations, insist that community plans are considered in important programs, reward communities that work strategically together by extending greater trust and flexibility and waivers to those who are performing.

We can promote the addition of urban amenities in planning strategies and programs in our public and assisted housing programs. We can permit the organization of community groups using Community Development Block Grant. And we can require communities to create economically integrated developments that cross program lines—that force HUD to bring its own different divisions together—public housing, our Community Development Block Grant program, the HOME program and others—even as we influence other Federal departments to cooperate with the integrated plans of communities at the local level.

A second theme or value acknowledges that we must infuse throughout all of our programs a sense of upward lift. It's not good enough to concentrate on static policies that maintain people. We must infuse into everything we do, particularly the wide spectrum of HUD housing, a sense of lift.

Our business is not just to create housing but to make housing a platform, that stable place from which we can create opportunities for people, opportunities to go from homelessness to rental housing, from homeless shelters to transitional housing to permanent housing, from public housing to homeownership; opportunities to go from a public housing experience without a job, without training, without education, to self-sufficiency.

I had a sad experience several weeks ago in Atlanta. It began as one of those rare opportunities when you spend a moment at the end of the day with a beautiful family and just enjoy the beautiful afternoon breeze. But just as quickly, reality intruded.

I was walking through a housing project and noticed a man, his wife and three little children—two little girls and a smaller little boy, maybe a year old. I walked across the street to visit with them. It was a heart-warming sight and I was taken by the love shared among the family members. As I talked to the man, he described his occupation. He was a roofer who works in commercial roofing projects in the Atlanta area. And then he said something that made me pause. He said, "I come by every afternoon to visit my family."

Now, he and his family are not separated. He and his wife are not estranged or divorced. But he explained to me he came by every afternoon to visit his children, children that he so obviously loved, just seeing the affection that he bestowed upon them. He comes by to visit them because the rules of public housing make it impossible for him to live in the unit with his family because his income would raise the total income of the family and make it impossible for them to stay in that housing unit.

We have created rules where families pay 30 percent of income—residents pay 30 percent of their income—no matter what their income is. There are much better ways to do the Government's business.

Now that's the kind of circumstance repeated too many times in our cities. We've created Catch-22 rules and regulations that crush the lifting spirit of people who want to make something of their lives. I've described one instance here from public housing. You know of similar dysfunctions in other parts of our system of support and service. We must change.

For example, our youth bill will help disadvantaged young adults gain education and employment skills as they rehabilitate and build housing for low-income and homeless people. We want to redesign our voucher and certificate programs to give tenants greater choice and make their rental assistance truly portable so they can move near jobs and schools that best fit their needs. We want to demonstrate the use of regional approaches to housing so we can allocate our assistance on a broader basis than concentrated central areas.

Again, HUD can't do this alone. We need to work with the Labor Department to promote linkages between HUD local programs and local summer youth programs. In fact, we've started working with the Labor Department in the Summer Challenge program that the President announced last week where we will use part of that billion dollars of summer youth employment scheduled for this summer at HUD to work on taking the boards off of boarded-up units.

We need to work with the Department of Commerce and the Small Business Administration to spur economic growth and create jobs and collaborate with Health and Human Services to reform welfare so that we make work pay.

And, finally, let me say, HUD must be the place where we as Americans do a more honest and truthful job of speaking to the most devastating divisions in American life. And that division is about race. Both sides of the racial divide must speak to each truthfully across the chasm. And we must speak about race and what it continues to do to American life. Denying people opportunity on the basis of nothing other than skin color—access to rental housing or to homeownership or to bank loans or insurance or the other essentials of being able to make it in American life—is wrong.

Our testers at HUD find housing discrimination when they send two people out with exactly the same education, the same income, one black, one white, to rent an apartment—same occupation, same income. One is told, "Yes, there is a unit for rent at \$450;" and the other—minutes later, on videotape—is told, "No, there is no unit for rent," or, if it exists, it's \$650, or there are other requirements which make it impossible for that individual to be able to rent that unit.

This is the reality of life in America. Any discussion of American urban issues, without factoring these dysfunctional, unfair realities, externalities—whatever word of rational economics one wants to use—into the equation will bring us out at the wrong place. It is a reality of American life that needs to be factored in. It can't be addressed with the relatively sterile language of "economic incentives" and so forth.

That same kind of discrimination is not restricted to renting. The Federal Reserve Bank of Boston released a working paper last October that analyzed mortgage lending. "Black and Hispanic mortgage applicants in the Boston metropolitan area are roughly 60 percent more likely to be turned down than whites" the paper reported.

These, I say, are the circumstances of race in America. They're real, and they exist. We don't like to acknowledge them. But they create the circumstances that are impossible to overcome with governmental programs, unless we engage the people in a broader discussion. And that broader discussion, it seems to me, must take several elements. We must talk about the extreme spatial differences that exist in American life. Every report that I've read since the Urban Institute report on Los Angeles riots to every other report of recent years talks about the fundamental urban reality being the extreme spatial segregation or separations in American life by income, class, and race.

Unless we can deconcentrate the populations of our poorest so that we don't have people living on top of each other, literally, we will not succeed. Unless we can make it possible for people to have greater choice and move to suburban areas—and it's not as simple as vouchers—if we can't open up suburban communities to subsidized housing, if we can't open up suburban communities to cooperate on these questions, we will not succeed.

At the same time, we must invest in central cities because, even with the most ambitious voucher and fair housing programs, we will not move all the people to the suburbs. That's not even in the realm of possibility. So we must work to make our central cities safer and more secure and characterized by greater opportunity—

and places where some of the middle class wants to move back so we achieve a lifting tax base that will impact the quality of schools and quality of life generally.

Perhaps the greatest discussion that we must have is one about a new social contract that involves all of the American people in a discussion of rights and responsibilities. Yes, we believe in the right to a good, quality education; but all of us must accept the responsibility to study and make the most of it. We believe in the right to secure and safe communities. We also accept the responsibility to participate as citizens—not as clients or tenants or residents or simply as passive users—but as citizens in the civic discourse that implies.

We believe that Americans have the right to decent housing, but also a responsibility to maintain it and improve it.

This discussion of a new American contract is not foreign to us; but we must make sure that, when people get together—as we are here, to discuss urban problems and rights and responsibilities—that we connect with the reality of people who live outside, just blocks from here, and try to make sure that social contract is one that relates to the broad diversity that is America today.

We must write a new social contract that says we respect differences because we honor the human spirit, and we recognize that we are all in this thing we call America's cities and communities together; that we accept responsibility; that we will teach our children and that we will teach ourselves, that we celebrate our humanity, our capacity for understanding, for affection, our need for human contact, and that we want to slow down the relentless, dehumanizing assault of disrespect and violence.

We want to create places, forums, communications, conversations, systems to allow these processes of listening and teaching and learning and respecting to occur. It's not good enough that these happen in the occasional social contact between the central city elite, the African American elite and the business elite of the city at a museum cocktail party. That's not a meaningful dialogue that will get us very far in American life. We need new forums—a new kind of civic discourse—through which we project an ethic of inclusiveness and civility.

I know there are limits on what a Federal department, any Federal department, or the entire structure—for that matter, all of Government together—can do on these questions. I know that what is really required is an engagement of Americans, all 276 million of us, in these themes. But I do believe that if we change, if we reinvent beginning with Housing and Urban Development, the Department that has the explicit responsibility for America's cities and urban places—we can make a start.

Finally, Mr. Chairman, I recall that at my confirmation hearing I was asked to identify statutory impediments that restricted creativity and productivity at the local level. We have given serious consideration to that inquiry and want you to know that we will be proposing legislation to accomplish a series of important objectives. Our legislative proposal is not yet complete, nor is this the time to discuss it. But, we do want you to know that we will propose ways to streamline several HUD programs—including HOME and Public Housing Modernization—to give local communities greater flexibility in designing and implementing housing solutions.

We also will propose remedies to systemic management deficiencies, especially emphasizing ways to dispose of the tens of thousands of multifamily properties now owned by the Department due to default and foreclosure.

And our proposal will urge a series of technical corrections to HUD programs, including programs authorized in the Housing and Community Development Act of 1992.

Mr. Chairman, that concludes my remarks. I'll be happy to take any questions you may have.

TESTIMONY BY JOHN W. MACK
PRESIDENT, LOS ANGELES URBAN LEAGUE

WEDNESDAY, APRIL 28, 1993

Thank you Chairman Riegle and the members of the committee, my name is John W. Mack and I am president of the Los Angeles Urban League. I thank you for this opportunity to present the Los Angeles Urban League's views and recommendations, pertaining to the current state of urban America twenty five years following the—Kerner Commission Report—and causes of last year's civil unrest in Los Angeles. Just as background information, the Los Angeles Urban League is one of 113 affiliates of the National Urban League. Our Los Angeles affiliate was organized over 71 years ago, and is recognized as a very effective result oriented organization, which implements innovative job training and job placement and other programs.

The league operates a successful Head Start program and a significant academic tutorial and literacy program serving elementary, junior and senior high school students and adults, an Economic Development and Entrepreneur Training Program. The Los Angeles Urban League is also a strong advocate on behalf of African-Americans and other minorities in advancing equal opportunities. During the past several years, urban league leadership has been in the forefront of education reform and police reform following the brutal beating of Rodney King by those four LAPD officers.

Mr. Chairman, I respectfully request that the full written text of my testimony, including several attachments which provide important information be entered into the official record.

I feel a brief statement needs to be made concerning the conclusions and recommendations of the Kerner Commission Report issued over 25 years ago. That report, which was issued following the Watts Rebellion, and other similar disturbances that rocked America in the 1960's, concluded that "Our Nation is moving toward two societies, one black, one white—separate and unequal." the report urged the Government and the private sector to (1) mount programs on a scale equal to the dimension of the problem; (2) to aim these programs for high impact in the immediate future in order to close the gap between promise and performance; (3) to undertake new initiatives that would change the system of failure and frustration that now dominates the ghetto and weakens our society. In other words, there needed to be a reordering of priorities and a major commitment to revitalizing the cities, and meeting the urgent needs of the people residing in them, i.e. dramatically improving schools and education for students of all races, ethnic groups and economic condition; community relations should stop their flight from urban centers to the suburbs.

Another report, the McCone Commission, issued following the Watts Rebellion of 1965, also contained a series of specific recommendations designed "to ameliorate those conditions which the commission identified as contributing to the oppressive nature of life in South Central Los Angeles."

However, the tragic reality is that Government and the private sector, particularly during the past 12 years had no agenda for the cities and wrote off minorities and the poor. Private industry continued its flight from the cities, taking away jobs and the cities' economic base. Police minority community relations continued to deteriorate and public education failed to effectively educate students, particularly African-Americans, Latinos and the poor.

It became acceptable to hate again. Racism, sexism and all of the other "isms" of bigotry are alive and well. Tragically, there is less tolerance in our increasingly diversified Nation—when diversity should be a thing of beauty, based upon mutual respect and a great appreciation for our unique races, cultures, and ethnic backgrounds. At the same time, two new factors were added to exacerbate the problems confronting American society, especially the cities: (1) the drug problem is out of control, particularly when crack cocaine was introduced and escalating violence and crime; (2) the permanent loss of jobs from, and the decline of, corporate America's blue collar jobs base, i.e.: automobile, steel, rubber, and other manufacturing assembly jobs, etc. corporate America lost its competitive advantage in the international global economy.

In Los Angeles, 25 years ago the McCone Commission recommended, among other things: (1) the police commissioner's board should be strengthened; (2) accelerate the development of employment training. Also, an outdated city charter made the police chief accountable to no one, i.e. in effect, he was a J. Edgar Hoover at the local level.

When the two previous presidential administrations were elected, job training funds were slashed and regulations were written that virtually wrote off the hard-to-serve adult and at-risk youth. While these two factors adversely impacted several groups of people, the hardest hit were African-American males. This segment of society has been the greatest victims of racism, unemployment, and police brutality.

Mr. Chairman and honorable committee members, the painfully reality is that the Government, the private sector and the people of America never made the commitment to establish priorities, allocate the necessary resources which would implement programs on a scale equal to the dimensions of these problems in 1965 or new ones which have developed during ensuing years.

One other factor needs mentioning that plays a big part in the lack of progress since 1965 and that is the media. The media has often shaped the way the cities and its residents are perceived and portrayed. Often the media have been a negative force in shaping corporate America's views of the city. Too many times only the most negative and sensational is written about the inner-city. What people see on television is often the African American male involved in violence and drugs, while in reality the majority of drug users are white. The majority of drug distributors, im-

porters and manufacturers are non-black. Yet it is the black male that is seen. The media too often plays up what divides a city, not its commonality, not what is good.

ASSESSMENT OF THE CURRENT STATE OF URBAN AMERICA AND WHAT PROGRESS HAS OR HAS NOT BEEN MADE

An assessment of Urban America today is best stated by Dr. Kenneth B. Clark, "I read that (Kerner) report . . . of the 1919 riot in Chicago, and it is as if I were reading the report of the Investigating Committee on the Harlem Riot of 1935, the report of the Investigating Committee on the Harlem Riot of 1943, the report of the McCone Commission on the Watts Riot (of 1965)." Dr. Clark went on to say and I paraphrase, its (findings of all riot reports) "with the same moving picture shown over and over again, the same analysis, the same recommendations, and the same inaction." If a commission were to be formed to study the causes of the 1992 Los Angeles rebellion, they too would no doubt come to similar conclusions as these past commissions.

In addition to race, these past 25 years following the Kerner Commission Report and the 1965 Watts Civil Unrest have seen the perpetuation of two other separate societies—the abandoned have nots and the haves along economic lines. The September 3, 1992 edition of the New York Times revealed very alarming data concerning the poverty problem in America. The United States census annual report disclosed that there are 35.7 million Americans living in poverty.

This represents an increase over 1991 by 2.1 million people—the highest number of poor people since 1964, when President Lyndon Johnson declared the war on poverty.

On April 29th of last year, a smoldering volcano erupted in Los Angeles—which had been building and building over a period of time. This human volcanic eruption was triggered by the blatantly unjust and racist jury verdict—which freed those four Los Angeles police officers, who sadistically beat Rodney King. Those twelve jurors saw a mirage and could not see what the overwhelming majority of Americans, and the world, saw on George Holiday's video tape. They could not see justice, because they were blinded by injustice.

Too many other Americans and police officers, see a gang banger behind every black teenager's face, particularly males, and a violent criminal behind practically every black adult male face. Last Saturday, another more diversified jury comprised of residents from Los Angeles County and nearby—in the Federal civil rights trial involving the four police officers returned guilty verdicts against Stacy Koon and Lawrence Powell. That represents a major step in the right direction. It is now important that Judge Davies sentences them to serve time in jail.

This trial begins to restore some of the lost credibility of the criminal justice system in the eyes of most African-Americans and all other fair minded Americans. It lays the foundation for the courts and the police to remove the double standard of justice that has been practiced against black Americans for too long.

Due to jury verdict and the outstanding leadership by our new police chief, Willie Williams, many community leaders, organizations including the urban league, ministers and churches, we kept the peace in Los Angeles. However, it is essential that the United States Senate, the Congress, President Clinton, and all citizens of our Nation understand that the absence of violence does not necessarily mean the presence of justice and needed solutions to urgent problems and challenges confronting the residents of South Central Los Angeles and our city.

The April 29th civil unrest also represented a manifestation of the growing alienation and widening gap between the haves and have nots—whether they be black, white, Latino, male or female. And due to the long standing neglect of their needs and problems, there is a strong feeling among them that those in positions of power and influence, both in Government and the private sector—do not care. I urge you to not simply dismiss the Los Angeles disturbance as merely the acts of gangs, criminals and thugs. That is overly simplistic and misses the real painful lessons to be learned.

Following last year's civil disturbance in our city, the Los Angeles Times reported on United States census data that confirmed the widening gap between California's affluent and poor. During the 1990's, the poverty rate for African-Americans and Latinos was thirty percent; higher than the twenty seven percent poverty rate in 1965. This tragic number doubled the poverty rate for the overall city of Los Angeles. In 1965, Watts and South Central Los Angeles was 81 percent black. By 1990, 50 percent of resident in South Central Los Angeles were Latinos and 44.8 percent were African-American.

THE SYSTEMIC FACTORS CONTRIBUTING TO THIS STATUS

While numerous factors have contributed to this lack of progress, four main factors have been: (1) the decline in American industry; (2) discrimination in lending and access to capital for African-American businesses and (3) police brutality and the deterioration in police community relations; (4) failure of Federal Government to establish a comprehensive urban policy and provide solutions and leadership for its implementation in partnership with the private sector

(1) The Decline in American Industry

The latter part of the decade of the 1970's and all of the 1980's saw America enter a decline in her competitive edge in world markets. Jobs moved to cheaper overseas labor markets, the slow response or no response to changing technology left American industries antiquated and top heavy with layers of management. The quality of American products were declining relative to other industrialized nations. Short-term greed became the standard, and through it all America refused to invest long-term in her most valuable resource, her people. Whole segments of the population, mainly inner-city minorities, were written off by the school system and by corporate America as unteachable and unemployable. Taxpayers rebelled. In California, it was known as Proposition 13, the tax initiative which drained our revenues. The more affluent, both white and black, moved to the suburbs, and refused year after year to invest in school bonds to build new or improve old schools. Teachers determined through biased "I.Q." tests and tracking systems that poor children had less innate ability to learn. Therefore, policy makers, administrators and teachers had little or no expectations of students. With this attitude, came a 70 percent drop out rate in some poverty stricken inner-city schools. Thus, American industry saw an illiterate workforce knock on their doors for jobs. To combat this illiterate workforce, companies automated low paying, repetitious jobs that computers could do better and cheaper. As America found it cheaper to send work overseas, millions of jobs were eliminated. Jobs which previously elevated the poor into the middle class were the first to go. Most of these jobs were done by minorities and were located in the cities.

(2) Discrimination in Lending and Capital for African-American Businesses

One of the most pressing problems facing African-Americans and other minorities is the lack of access to capital to establish businesses. Through systematic redlining, banks, savings and loan institutions, and other financial systems have refused to lend money to minority residents. There are close to \$4 trillion in public and private pension assets invested in stocks and bonds, with minorities and women representing large contributing segments of these funds. Yet, very few minorities or women are afforded the opportunity to act as money managers of these funds. In fact, very few are even able to secure a loan from these same funds to start a business. A criticism of the Federal Community Reinvestment Act of 1977 (CRA), which requires banks to increase their lending in "undeserved" areas, is that it has been irregularly enforced (The Wall Street Journal, December 6, 1992). The Los Angeles minority community, as of this date, has benefited very little from CRA activity. Banks announced that significant funds would be available to be loaned following last April 29th. To the best of our knowledge few loans have been made to small African-American business owners, whose businesses were burned and/or damaged. It was only last month that an announcement was made via a press release, that a director has been hired to administer \$10 million of CRA funds.

According to Federal Reserve Board Vice Chairman David Mullins, bank regulations and examination procedures make it more difficult for banks to make commercial and industrial loans, particularly small business loans. Mullins continues to state that small business lending is held to a higher standard of scrutiny than residential mortgage lending; the cost and paper work burden of making small business loans are consequently higher. He also states that commercial and industrial loans are failing as a share of total bank lending. Yet, according to the Department of Labor, the majority of jobs created in America today, are created by small- and medium-size businesses.

(3) Deteriorating Relations Between the Police and the Minority Community and Chronic Police Brutality

It is a historical fact that urban explosions, civil unrest, rebellions, or riots were sparked by police brutality or excessive use of force against a minority, usually a young black male. The only unique thing about the vicious beating of Rodney King was it was captured on video tape. Rodney King, unarmed, surrounded by at least 20 uniformed officers, from three different police departments, was hit 57 times over every part of his body, including his head. Remarks recorded by the police department's communications system showed the arresting officers were not only racist

but bragged how "he had not beat anyone this bad in a long time." As most other large city police departments, Los Angeles has cut back in the community relations programs. Officers are seen and frequently view themselves as an occupation force. The unwritten code of silence has resulted in coverups of acts of police brutality using their word against the victim. On the other hand, vicious and violent crimes have increased, due largely to the drug trade. The minority community consistently votes to increase the number of police to combat crime and to put more officers on the street, even if it means paying higher taxes. They do so because they are victims of crime disproportionately to white affluent residents. Minority communities are too often caught between brutal, racist police officers, and violent gangsters. There frequently is a lack of respect for minority communities by officers and for officers by the community. All too often, officers have gotten away with brutal behavior under the color of authority. African-American males, again, the most disenfranchised, are usually the major victims of police street justice. Easy access to guns, both legal and illegal have escalated violence and the value of human life is at an all time low. Yet the police must act within the law because they are the law. When they act outside of the law, then we cease to be a Nation of laws, justice and fairness. Society then takes on mob rule, where the mob carries a badge or a Saturday Night Special or an AK47.

(4) Failure of Federal Government to Establish Comprehensive Urban Policy and Provide Resources and Leadership for its Implementation

Fifty-three precious human lives were lost in last year's tragic violence and can never be restored or replaced. No value or price tag can be placed on them.

Great emotional trauma and physical and economic damage were also inflicted and remains. Our State and region continues to be harder hit by the recession than any other part of the county and business relocations away from Los Angeles and California are on the rise. It was reported in the April 22, 1993 edition of the Los Angeles Times that the unemployment rate, not adjusted for seasonal variations, had increased to 10.4 percent in March of this year, up from 9 percent, one year earlier. It is much higher in South Central Los Angeles. Local governmental and other officials estimate business losses of over one billion dollars due to the civil unrest. According to estimates by city officials, 1,036 businesses were damaged in our city, with a value of approximately \$378 million dollars.

Despite promises by the Federal Government and others, the rebuilding of these businesses has been painfully slow. Of the 1,036 damaged businesses, only 160 permits have been issued to either rebuild or implement major repairs, according to the Los Angeles Department of Building and Safety.

A principal with McKinsey and Company Consulting Firm conducted an analysis for rebuild L.A. and forecast that 75,000 to 90,000 jobs need to be created in South Central Los Angeles, and other neglected areas of our city to solve the alarming and chronic unemployment problem confronting African-Americans, Latinos and other disproportionately unemployed individuals. Both Government and the private sector must make major commitments, if this problem is to be solved.

The April 29th civil unrest in Los Angeles was a wake up call that was heard throughout urban America, but it apparently fell on deaf ears in Washington, particularly the United States Senate. Last year, former President George Bush and the Congress failed to implement comprehensive urban aid legislation.

And, last week, the United States Senate failed due to the Republican filibuster which killed the urgently needed jobs bill proposed by President Clinton. Jobs are desperately needed for unemployed white, African-American, Latino and Asian women and men—who are layoff victims of the sweeping defense cutbacks in California—resulting from the welcome end of the Cold War and the crumbling of the walls of communism.

Jobs and entrepreneurial opportunities are also urgently needed for our youth and adults in South Central Los Angeles, including hundreds of former Los Angeles gang members, many of whom I have gotten to know and am convinced that they are trying so hard to turn their lives around, away from violence and crime—and are desperately seeking to make it, legitimately.

The Los Angeles Urban League urges the Senate and President Clinton to act, now and implement a comprehensive urban aid bill, with jobs, business ownership opportunities, and justice as the centerpiece. And, to please set aside destructive, petty partisan politics. We call upon you to save America and its people, before you rush to save Russia and the rest of the world.

EVENTS OF THE LAST YEAR SINCE THE LOS ANGELES CIVIL UNREST

The most important event of the last year was the departure of former Police Chief Daryl Gates who set a tone of arrogance, brutality and racism for the Los Angeles Police Department. And with his retirement went several of the old guard who thought like him. An outstanding new Police Chief Willie Williams, was selected who is sensitive to the feelings of every segment of our city. He is also very cognizant that his officers must be well trained in an increasingly diversified and violent society. Another major development was the city-wide mobilization of all communities to pass charter Amendment F which included several key recommendations of the Christopher Commission Police Reform Report. This amendment passed and modified the city charter, so that the police chief is now accountable to the police commission and is limited to 7 years in office. Another key factor is that our new chief of police believes strongly in community based policing, which will place more officers on the streets to work cooperatively with the residents.

One of the least reported positive events to come out of last year's unrest was the gang truce between the most notorious of Los Angeles's black gangs, the Bloods and the Crips. Actually the truce began two days before the unrest and held through the unrest. The news media and members of the police force felt it was a farce, or even worse a coming together to kill police. However, it was and is a bonafide effort by young and old gang leaders to stop the madness. Jim Brown and his American program and other community leaders have played a very positive role. According to Police Chief Willie Williams, gang violence between those two groups is down 70 percent.

But all is not well, as gang violence between black gangs is decreasing, it is on the rise among Hispanic gangs. As these young men turn away from violence, they need the Government's and the community's help in obtaining viable alternatives. Alternatives such as job training and jobs. The Urban League, along with the city government and other community based organizations are faced with the task of trying to find employment in a city without jobs and a stable economic base.

Can events such as last year's be repeated? Yes. But will they be repeated? That depends upon the justice system. Clearly justice was denied by the jury in the first trial in Simi Valley. In the second trial, an important beginning was made.

AN OVERVIEW OF EXISTING PROGRAMS DESIGNED TO ADDRESS THE ISSUES FACING URBAN AMERICA

Urban league affiliates have developed and operated programs which addressed the needs of Los Angeles and other urban areas. In particular, the Los Angeles Urban League implements effective programs which address job training and employment for unskilled, skilled and professional applicants; private/public training programs funded by private industry; Government programs funded through the job training partnership act (JTPA); literacy programs for children, youth and adults; economic development programs for would-be entrepreneurs, small businesses, and youth entrepreneurs; and cultural awareness programs. To cite a few examples, in the 25 years since the Head Start preschool programs started, the Los Angeles Urban League has provided over 17,000 pre-schoolers and their families with educational opportunities. Last year, through the league's Job Training Partnership Act (JTPA) programs and its privately funded training programs over 1,623 individuals were placed in jobs. Tutoring and special educational services were provided to over 300 youth and adults at the Youth Training and Family Literacy Center.

Yet some of these programs, especially the Government funded ones like the JTPA program, are over-regulated and appear to be set up to fail. When first enacted, JTPA was a performance-based program that made it possible for non-profits to serve as the trainer and/or liaison between the private industry, the local administrative entity and the client. It worked. Adults and youth were trained, placed in jobs and private industry received an excellent employee. However, because of abuses by a small number of States not community organizations such as the Los Angeles Urban League, Congress decided to "fix" the system, through amendments. This was coupled with an unresponsive Department of Labor which did not attempt to document for Congress that the abuse was not widespread and should have been addressed on an individual, case by case basis. All of this has led to the current situation, which makes it impossible to serve long term at risk youth and adults.

While the new JTPA amendments enacted in September 1992 call for more targeting, the amendments provide no incentive to joint venture with another entity. In fact, one is penalized for attempting to joint venture. That is, if the job training provider does not provide all of the services required in-house, the provider cannot be paid. The JTPA system has moved more and more to an education system and on-the-job training contracts are now discouraged. In addition, the paper-work need-

ed to assure that a job training entity is in compliance is staggering. It is cumbersome for the participant, particularly a homeless individual, for the job training administrator, and for the employer. Too often there is a conflict between how auditors from the Office of Management and Budgets and monitors from the Department of Labor interpret regulations and policy. Caught in between this conflict, which often means disallowed costs after the facts or rewriting policy in mid year or making policy retroactive to the beginning of the fiscal year are the cities and non-profits providing the services. Finally, all too often the regulations are written by people who have no concept of what it takes to administer a program for the hard core unemployed or inner-city residents. In fact most of the regulations are written by legal and congressional staff who lack experience and a front-line service perspective and most likely obtain their view of the inner-city from what they see through the media, which is often very negative. The National Urban League, as well as the Los Angeles Urban League, advocated for a more effective and responsive job training system with regards to those most in need throughout congressional deliberations on the 1992 we are concerned that the implementation phase will again fail to respond to those issues.

If our Nation is to solve the urgent problems and challenges of urban America, an unequivocal commitment must be made by this honorable body, the President, Government at all levels, the private sector, human service nonprofit community and all Americans. There must be a partnership between leaders in Government and those of us outside of Government. We need immediate and comprehensive action, including a reordering of priorities.

On behalf of the Los Angeles Urban League, I make the following recommendations for your consideration:

RECOMMENDATIONS FOR SOLUTIONS AND POTENTIAL RESPONSES TO THESE ISSUES

The following recommendations can be applied to any urban area. While the action plan may vary somewhat depending upon location, the solution is viable no matter what part of the country one resides.

Increase Economic Development Opportunities: We must bolster business investment in the area which creates the most jobs, namely, small business:

1. The Los Angeles Urban League strongly supports President Bill Clinton's and the Milton S. Eisenhower Foundation's recommendation of the creation of Community Development Banks, which would be owned by inner-city community partners. The South Shore Bank in Chicago has been cited as a model upon which this concept could be based.

2. We also strongly support the Eisenhower Foundation's recommendation to link the capitalization of Community Development Banks to tougher enforcement of the Community Reinvestment Act of 1977 requiring banks to invest in their communities.

3. The Los Angeles Urban League supports the Enterprise Zone concept long advocated by former HUD Secretary Jack Kemp, which would include tax incentives for businesses to invest and relocate to South Central Los Angeles and other inner-city areas throughout America. We recommend further that tax and other incentives be included which would promote joint ventures and partnerships between successful majority owned businesses and African-American and other minorities, in order to promote the expansion and creation of minority owned businesses.

4. The Federal Government should establish national standards which would promote the adoption, at the local level, of public education policies and practices based upon the principle that all children are capable of learning, regardless of race, ethnic group, sex, religion, or economic condition.

L.E.A.R.N. I.E. Los Angeles Educational Alliance for Restructuring Now (LEARN), a broad coalition of leaders and individuals very representative of our diversified city worked, diligently, for two years, and recently presented a major education reform plan, which was recently adopted by the Los Angeles Board of Education. If implemented this plan will dramatically restructure and improve the quality of education for all students of all races, cultures and economic backgrounds. The Federal Government should support this effort, which possesses implications for education throughout the Nation.

The National Urban League supports the recommendation of the commission on the skills of the American workforce. Our public schools must emphasize ability and competency. Our education system should provide a career path for all youth, both in and out-of-school, with uniform standards for outcomes and certification of accomplishments.

We recommend legislation that requires Federal and military pension fund systems to allocate up to 5 percent of investments in "alternative investment," including investments in minority and women-owned venture capital firms.

We must establish a mentor system, whereby the "experienced" money managers and venture capital firms can mentor the newer minority and women-owned venture capital firms.

We recommend that a Government guarantee program be established whereby the Government would guarantee the principal amount invested by the Federal pension funds into minority and women-owned venture capital firms which invest in disadvantaged businesses.

5. The Los Angeles Urban League supports the JTPA reform recommendation contained in the Eisenhower Foundation Report, "investing in children and youth, reconstructing our cities" regarding the creation of a national employment and training board designed to coordinate and streamline current job training programs. These national and local boards would replace private industry councils (PICs). We strongly support the Eisenhower Foundation's proposal that at least one-third of the members of the national and local boards should be representatives of community based non-profit organizations, along with representatives from Government, business, labor and education. The focus should be on the hardest to serve individuals, and community-based organizations have the best track record for serving this group of individuals.

6. As President of the Los Angeles Urban League, I would recommend a national job training and job creation policy with the full weight of the Government, labor, and corporate America behind it. Such a policy should be comprehensive with priority given to disproportionately high pockets of unemployed target groups. Government needs to assume an active partnership role in assisting corporations with research, eliminating needless regulations that create hardships for small businesses and to create an overall atmosphere for business growth and subsequent job creation for our youth. Community based organizations should be active partners.

7. The National Urban League's Marshall Plan for America must be adopted as national policy for rebuilding America's cities: it is inspired by the success of the original Marshall Plan that put Western Europe back on its feet after World War II. The Marshall Plan for America is a long-term national investment program that places emphasis on investing in our Nation's human and physical infrastructure by bringing poor and low income people into the economic mainstream, the Marshall Plan will move this country forward toward meeting the challenges of global competitiveness, strengthen our security and improve our quality of life. Key proposals of the Marshall Plan for America include the following:

A. That all economically disadvantaged children be provided quality preschool learning opportunities: the Head Start program must be expanded to include all eligible children and made available on a full-time basis year-round. Head Start should be an entitlement.

B. That the Nation's employment and training system be expanded and restructured to deliver more relevant and viable job skills to today's youth.

8. That the Nation invest in the development of a world-class transportation system: this means investing in the repair or replacement of approximately 240,000 unsound or obsolete bridges around the country. It means investing in our highways, mass transit systems, airports, and developing new types of transportation technologies, such as the high speed magnetically levitated ("MAGLEV") train systems operating in prototype in Germany. Airport improvements, as proposed in the Marshall Plan, would reduce air travel delays by 75 percent over the next 10 years.

9. That major investments be made to improve the Nation's water supply and treatment facilities as well as to relieve the crisis in solid waste disposal: investments would be made to repair or replace decayed sewer lines as well as upgrade existing sewer plants and build new ones. Existing landfills would be upgraded and more investment would be made in the development of modern resource recovery facilities.

10. That the Nation pursue more aggressively the development and application of advanced telecommunications technology: this means installing avant garde voice, video and information processing systems. The substitution and diffusion of modern fiber-optics technology as the chief communications medium of the future should be paramount.

11. Recommend that Federal Government should support and encourage community policing through additional funding.

12. President and Congress should provide leadership and influence in making it clear that police brutality, such as the LAPD beating of Rodney King will not be tolerated.

13. Urge Federal Government and Congress to study the Christopher Commission Report for areas of Federal policy and support.

As you know Mr. Chairman, last year the President of the National Urban League, John E. Jacob, testified before this very committee, urging adoption of our Marshall Plan for America to end the recession and promote a more competitive and productive society. The Urban League calls for investing a base allotment of \$50 billion per year, above monies normally allocated to human and physical infrastructure purposes, over a ten-year period. While the cost may seem high, the cost of not funding the Marshall Plan is much higher. Cost that we in Los Angeles know first-hand, and which can be replicated in any major urban area:

- The cost of cities and suburbs going up in flames.
- The social and economic costs associated with unemployment, under-employment, and increasing homelessness.
- The health costs of massive amounts of people who cannot afford health care.
- The cost associated with illiteracy and increased crime.

As Whitney Young stated and I quote: "This Nation has always had the music of harmony, the song of equality, running about in its dreams. It never played that melody because it wanted to use only the white keys. It's time for it to start using the full keyboard of human resources to bring peace, harmony, and justice to this bitter and divided land. The dream is still valid, but the nation that loses sight of its dreams will lose its soul and its purpose and will truly be doomed."

Together, we must recommit ourselves to the creation of an America—in our increasingly economically interdependent world—that will use the full keyboard and include everyone at the table of Democracy.

Thank you.

MINORITY BUSINESSES

	FIRMS	SALES (000's)	EMP	PAY (000's)
ASIAN	91,488	\$ 9,396,880	93,198	\$ 904,800
LATINO	90,227	\$ 5,349,500	56,720	\$ 726,100
BLACK	30,923	\$ 1,684,500	14,873	\$ 229,500
TOTAL	212,638	\$16,430,800	164,791	\$ 1,860,400

So. Calif. Area (LA, OC, SD, SB, Riv)

1987 U.S. Census Data

MINORITY INVESTMENT FIRMS

Total Number of Firms (1) 135 (Mostly MESBICS)

Amount of Private Equity (1) \$ 250 Million

Amount of Gov't Capital (1) \$ 450 Million

Total Portfolio (1) 16,000 Firms

Avg. Investment (2) \$ 150,000

Data from N.A.I.C.

1. Since 1970 2. In 1990

STATISTICAL DATA ON LOS ANGELES, CALIFORNIA

APRIL 28, 1993

SOUTH LOS ANGELES HAS A HIGHER POVERTY RATE NOW FOR ITS FAMILIES THAN IT HAD IN 1965:

SOUTH LOS ANGELES 1990	SOUTH LOS ANGELES 1965
30.3%	27%

GAIN IN CAPITA INCOME:

SOUTH LOS ANGELES 1990	CITY OF LOS ANGELES 1990
\$ 7,023 (6.5%)	\$ 16,188 (14.8%)

MEDIAN HOUSEHOLD INCOME:

SOUTH LOS ANGELES 1990	CITY OF LOS ANGELES 1990
\$ 19,382	\$ 30,925

IN LOS ANGELES 40% OF ALL HOUSEHOLD ANNUAL
INCOMES WERE LESS THAN \$ 25,00

HOUSEHOLDS ON PUBLIC ASSISTANCE:

SOUTH LOS ANGELES 1990	SOUTH LOS ANGELES 1980
25%	19%

UNEMPLOYMENT STATISTICS FOR SOUTH LOS ANGELES 1990:

MORE THAN 50% OF 16 YEARS & OLDER ARE UNEMPLOYED
OR HAD DROPPED OUT OF THE WORK FORCE

EMPLOYMENT STATISTICS FOR COUNTY OF LOS ANGELES 1990:

300,000 MORE JOBS FOR EXECUTIVES, MANAGERS, PROFESSIONALS

22,000 FEWER JOBS IN MANUFACTURING

EMPLOYMENT STATISTICS FOR STATE OF CALIFORNIA 1990:

LABOR FORCE GREW FROM 18.1 MILLION TO 22.8 MILLION

WORKING WOMEN WITH YOUNG CHILDREN GREW FROM 46% TO 56%*

DROPOUT STATISTICS :SOUTH LOS ANGELES 1990
YOUTH 16 TO 19
26%CITY OF LOS ANGELES 1990
YOUTH 16 TO 19
20%**HIGH SCHOOL DIPLOMA RATE:**CALIFORNIA
INCREASED TO
76%CITY OF LOS ANGELES
DECREASED FROM
69% TO 67%56% OF ADULTS OLDER THAN 25 HAD DROPPED OUT BEFORE
GETTING THEIR HIGH SCHOOL DIPLOMA

1 IN 3 ADULTS HAD LEFT SCHOOL BEFORE FINISHING THE 9TH GRADE

HOUSING STATISTICS:

RENTS WENT UP 38% DURING 1980'S**

MEDIAN RENT: IN CALIFORNIA 1990
\$ 620IN NATION 1990
\$ 424

MONTHLY HOMEOWNERS COST WENT UP 65%

MEDIAN HOME COST: IN CALIFORNIA 1990
\$ 1,077IN NATION 1990**
\$ 702BY 1990 CLOSE TO 50% OF ALL TENANTS IN CALIFORNIA WERE
PAYING MORE THAN 30% OF INCOME IN RENTBY 1990 CLOSE TO 40% OF ALL TENANTS IN LOS ANGELES WERE
PAYING MORE THAN 35% OF INCOME IN RENT

* Statistics about the same for the city and county of Los Angeles.

** In Los Angeles County and City, median cost for renters and owners were slightly **HIGHER** than statewide median costs.

STATEMENT OF FRED R. HARRIS

Mr. Chairman and members of the Committee: "Our nation is moving toward two societies—one black, one white—separate and unequal." The Kerner Commission first used those now-famous words twenty-five years ago—on March 1, 1968—to describe America's cities in a race with time.

Today, cities are losing that race—and their African American and Hispanic residents are losing it with them.

President Lyndon Johnson appointed the Kerner Commission (the President's National Advisory Commission on Civil Disorders) in the Summer of 1967, after terrible disorders had devastated the African American sections of so many of America's major cities. Detroit was burning, and U.S. Army troops had been sent there to restore order. Central Newark was in ruins.

The Kerner Report prescribed strong and sustained Federal efforts for jobs, training, education, and housing and vigorous civil-rights enforcement.

At the time of the Report, the Civil Rights Act of 1964 was three years old. The Voting Rights Act and President Johnson's War on Poverty were even-younger. All were to have profound impact on America. For nearly ten years after the Kerner Report, America made great progress on all aspects of race and poverty. But then that progress stopped—and started backward.

What happened? Two things: one, a series of economic shocks that hit the most vulnerable people hardest; and two, cuts, caps, or weakening of Federal programs designed to help them.

POVERTY IS WORSE TODAY—AND HARDER TO ESCAPE

There were a string of recessions, accompanied by rising chronic joblessness. The rate of unemployment, which seems now almost acceptable as politically tolerable, doubled from that of the 1960's—to seven percent.

The economic recoveries that followed each recession produced starkly uneven effects: once-again increased labor demands came disproportionately in new jobs available only to the more highly educated, skilled, and experienced workers.

Good-paying blue-collar manufacturing jobs in the central cities disappeared—or moved beyond the reach of core dwellers. Some workers became economically redundant, and we have not faced up to this. Fast-food and other retail service jobs replaced only some of this lost unemployment, and at much lower pay.

Today, overall unemployment in America is twice what it was 25 years ago. Poverty has increased—up from 24 million people 25 years ago to more than 35 million today, or 14.2 percent of America's people (compared to 11.4 percent in 1978). The plunge back into greater poverty has been even steeper and deeper in the central cities. The percentage of those in poverty there is larger than before, and their poverty is now more severe, harder to escape.

Real wages in America have declined. The Federal minimum wage was raised only once during the last twelve years—and then not nearly enough to catch up with inflation. The purchasing power of the typical American household shrank by over \$1,000 in 1991 alone.

There were cuts and caps on Federal education, housing, job-training, and other social programs. New tax breaks favored the wealthy.

As the number of American families grew during the 1980's from 52 million to 66 million, their total income grew, too—by \$583 billion (adjusted for inflation). But this increased income was not shared by all. Who got it? Those at the top.

The rich got richer, and the poor got poorer—while the incomes of those in the middle stagnated. The top one percent of U.S. families alone (making an average of \$600,000 a year) pulled in 60 percent of all the after-tax increase in income during the 1980's, while the bottom four-fifths of families gained only six percent of the increased income. The lowest two-fifths of families actually suffered a drop in income.

The result is that, today, the top 20 percent of Americans receive 47 percent of total income, the bottom one-fifth only 3.9 percent. This is by far the widest income gap between rich and poor that exists in any developed country in the world.

Many cities lost population. Detroit's population, for example, is one-third smaller than it was 25 years ago. As more affluent middle-class whites—and some blacks, too—moved away to the suburbs, America's central cities became much poorer.

Central cities became blacker—and, especially in the Southwest, browner—too. African Americans and Hispanics left behind now often live in concentrated hyper-poverty—with the deteriorating schools and neighborhoods, bad housing, high crime and narcotics, and multiplied family break-downs that have always been racism and poverty's ineluctable hallmarks—and harsh symptoms.

SOCIETIES GROWING MORE SEPARATE AGAIN

All the major cities studied by the Kerner Commission have been resegregating. Credit, housing, and job discrimination on the basis of race have gained new footing. Twenty-five years ago, Federal authorities were in court on the side of civil rights and affirmative action. But during the last twelve years, they often left the courthouse altogether or intervened on the wrong side. Not enough leaders at the top spoke out or acted against racism.

These actions—and this inaction—have had their cruel consequences. Racially motivated violence and other racial incidents have increased in America. There are many more guns and much more crime and drugs in the central cities, and elsewhere, than there were 25 years ago. Social and economic violence in America is being played out in physical violence.

The gap that separates African Americans and whites is growing again. The rate of unemployment for African Americans is twice that for whites (and it rose faster for blacks than for the rest of the population during the most recent recession). Add to the ranks of unemployed African Americans the discouraged workers who have quit looking for work and the part-time workers who have quit looking for work and the part-time workers who want to work full time, and the total now comes to four million—one out of every four African Americans of working age. Forty-two percent of African American teenagers are unemployed.

African American males who have jobs earn an average of only 73 percent of what white males make—\$348 a week to \$446 a week. Median annual income for all black males is \$12,962, compared to \$21,395 for white males.

The level of cuts and caps on Federal programs for education, college aid, skills training, and jobs grew in almost exact proportion to worsening economic conditions and burgeoning need. Not surprisingly, the college-going rate of African Americans, as a percentage of white students going on to college, dropped—from 87 percent of the white race a decade ago to 76 percent today.

The median income for African American families is \$21,548, that of white families \$37,783 (and, again, the gap between the two has worsened during the most recent recession). Average net worth for African American families is only a little over 20 percent that of white families—\$27,230 to \$116,661.

The poverty rate for African Americans is nearly three times that of whites. Over ten million blacks live in poverty today, including forty-four percent of African American children (compared to less than 15 percent for white children).

America's jail and prison population increased by 130 percent during the 1980's (and we now have the highest percentage of our people incarcerated of any industrialized country), but crime has gone up, not down. We should take most of the billions of dollars we have largely wasted on attempted military and paramilitary drug interdiction in Latin America and spend it on improving central-city opportunity—on jobs, education, and training—as well as for increasing our sadly deficient drug rehabilitation programs.

Central-city poverty has produced other tragic consequences. Life expectancy for African Americans, for example, is nearly six and half years shorter than for whites, and the mortality rate for African American infants is more than three times greater.

The future consequences of poverty are also tragic. "Persistently inadequate living standards not only make life miserable for the families involved," University of Michigan Professor Greg J. Duncan has written, "but also reduce the chances children will succeed in school and jobs when they grow up."

WE MUST MAKE GOOD THE PROMISES

The Kerner Report said: "It is time to make good the promises of American democracy to all citizens—urban and rural, white and black, Spanish surname, American Indian, and every minority group."

Twenty-five years later, there is cause for optimism. We have a President who celebrates America's racial and ethnic diversity as a strength and is appointing officials who believe in civil rights and affirmative action.

It is time, President Clinton has declared, "to put people first." He is right. "We don't have a person to lose," he has said. We agree. African Americans, Latinos, and other minorities are a growing share of our country's labor pool. Blacks will be nearly 12 percent of our workforce in the year 2005, up from less than 10 percent in 1975. America needs to assure that they will be healthy, educated, trained—and hopeful.

President Clinton has called for a new "investment" in people, a renewed national commitment to children, to jobs, to health, and to education and training. The polls show that Americans are with him on this—a New York Times/CBS News poll, for

example, finding that 64 percent agreed that we are spending too little on assistance to the poor, while only 13 percent said that we are spending too much.

America's cities are, indeed, in a race with time. We all are, because we're all in this together.

We know what needs to be done. We know what should be done. We know that it will be cheaper in the long run to do it now. We know, too, that it is in the interests of all of us to do it—just as West Germans saw their own self-interest in bringing East Germans in—and up—with them. We know that we have the means—that we tax ourselves and our wealthiest far below what Japanese and German citizens pay.

We would do well to remember the words of former Health, Education and Welfare Secretary John Gardner, who once wrote: "We are in deep trouble as a people, and history will not deal kindly with a rich nation which will not tax itself to cure its miseries."

Are we to be "two societies, separate and unequal" or "one nation, indivisible"? The choice is ours.

Former U.S. Senator Fred R. Harris (D., Oklahoma, 1964–1973) served as a member of the President's National Advisory Commission on Civil Disorders (Kerner Commission). He is professor of political science at the University of New Mexico and co-editor (with Roger W. Wilkins) of *Quiet Riots: Race and Poverty in the United States*.

SUMMARY STATEMENT BY LYNN A. CURTIS
PRESIDENT, THE MILTON S. EISENHOWER FOUNDATION

POLICY THAT WORKS FOR CHILDREN, YOUTH AND THE INNER CITY

Twenty-five Years After The National Advisory Commission on Civil Disorders

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

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

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

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

The interrelated need is for \$15B more per year in annual budget appropriations for each of ten years, at a minimum, to implement recommendations for reconstructing the inner cities and for closing the investment and productivity gaps. The bulk of this funding is for employing the poor, welfare recipients and high-risk youth in the urban reconstruction. The work will expand housing and rehabilitation delivered by non-profit inner-city organizations as well as by those for-profits, like TELESIS, which can integrate multiple solution youth development into economic develop-

ment. Our budget here also covers repair of the urban infrastructure that employs inner-city residents, creation of community development banks in the inner-city owned by people who live there, expansion of tenant management in public housing, employment of those new community and problem-oriented police who live in the inner-city neighborhoods where they patrol, and pursuit of those high tech investments linked to military conversion that generate jobs for high-risk youth and welfare populations in the inner-city. The prime Federal agencies are Labor, HUD, Transportation, Commerce, Justice—and a new, independent National Development Bank.

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

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

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

If we are to reverse the betrayal of the American democracy, we need even more than wise national leaders. In the words of William Greider, in *Who Will Tell the People*, "Rehabilitating democracy will require citizens to devote themselves first to challenging the status quo, disrupting the existing contours of power and opening the way to renewal." Common people must engage their surrounding reality and "question the conflict between with what they are told and what they see and experience."

In America, this means old fashioned grassroots political lobbying to gain full funding preschool modeled after the French experience and job training modeled in part after the German experience. It means massive voter registration of the poor, following some of the lessons of Canada. It means tight controls of special interest group lobbyists in Washington, the people who walk around in thousand dollar suits and alligator shoes. It means public financing of political campaigns, elimination of contribution loopholes and far shorter campaigns that limit both the use of money and the use of television, as is the case in the United Kingdom.

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

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

Our most serious challenges to date have been external. Serious external dangers remain, but the graver threats to America today are internal. The greatness and durability of most civilizations has been finally determined by how they have re-

sponded to these challenges from within. Ours will be no exception and so, in the concluding words of the Kerner Commission, it is time "to end the destruction and the violence, not only in the streets of the ghetto but in the lives of the people."

TESTIMONY BY LYNN A. CURTIS
PRESIDENT, THE MILTON S. EISENHOWER FOUNDATION

The Summer of 1967

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

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

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

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

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

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

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

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

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

The 1992 Los Angeles Riots and the Federal Response

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

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

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

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

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

Enterprise Zones and Weed and Seed

The long-term bill reflected an emerging consensus within both parties in Congress that enterprise zones were key to reform. This view was more than shared by the White House. It was the Secretary of Housing and Urban Development (HUD), after all, who had originally and tenaciously pressed for the zones from the

beginning of the Administration. Yet almost all evaluations of the many enterprise zones that have been tried to date at the state and local levels showed them to fail, especially in employing sufficient numbers of high risk young people in the devastated areas—like members of the Crips and Bloods, the south central Los Angeles gangs. The evaluations were done by such respected institutions as the U.S. General Accounting Office and the Urban Institute in Washington, DC. Their conclusions were echoed in warnings by such conservative and business-oriented publications as the *Economist* and *Business Week* that enterprise zones, alone, and in the form proposed in 1992, were not the answer.

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

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

The Byzantine Ways of Congress

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

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

By choosing enterprise zones as the key solution, Congress needed to process the legislation primarily through committees that dealt with taxation, revenues and finance. Because encrusted Congressional rules say little about keeping focused—here on the inner-city—it was easy for all of the other provisions, irrelevant to the city, to be added. This meant that the many contributors to the package had many motivations other than what to do in the wake of the Los Angeles riots. For example, one Congressional player wanted to help shipbuilder constituents. Another was concerned about wealthy constituents who were saving for retirement.

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

No New Taxes?

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

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

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

Alice in Wonderland All Over Again

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

Keeping the Kerner Prophecy Alive and Well

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

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

The Goal of This Testimony

The goal of this testimony is to suggest a policy that works. We will concentrate on new policy for the rest of the twentieth century that is in keeping with the principles of the Kerner Commission and the spirit of the new Administration in Washington. Our focus is on the hard core poor in the cities, the roughly ten percent of the population who live in urban areas of concentrated long-term poverty, and whose violence and suffering has a disproportionate effect on American life, class tension, and race tension.

We Know of Much That Works

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

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

Investing in Children

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

Investing in Youth

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

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

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

The Butterfly Effect

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

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

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

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

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

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

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

There are some promising ventures where this combination of youth, social, and economic development is assisted by community-based and problem-oriented policing, as is the case with the Centro San Juan residential police mini-station and the residential police mini-station being planned by Argus. Such community policing does not usually reduce crime in inner-city neighborhoods, based on careful evalua-

tions—but it can reduce fear. The fear reduction can help encourage businesses and the public sector to stay or build in the inner-city. If this economic development is planned correctly, it can provide jobs for high-risk youth. The youth can qualify for the jobs if they have adequate job training, and if they stay in school. Staying in school is made easier by “big brothers/big sister” mentoring and “extended family sanctuaries off the street.” Children can survive long enough to get into these sanctuary initiatives if they have Head Start.

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

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

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

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

Replication is Possible But Not Easy

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

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

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

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

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

National Education Policy for the Inner-City

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

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

We recommend that the Department of Education implement the recently proposed reforms of the Elementary and Secondary Education Act of 1965, carry out the National Urban Schools Program proposed by the Carnegie Foundation and the middle school reform proposed by the Carnegie Council, replicate the School Development Plan of Yale Professor, James Comer, replicate the Eugene Lang “I Have

A Dream" Program and the Cities in Schools Program if comprehensive evaluations show their worth, experiment with still unproven vocational and apprenticeship training, replicate already successful vocational and apprenticeship training (like Project Prepare in Chicago), push for more school integration based on plans that have worked (like the one in St. Louis), and begin a demonstration that allows inner-city students to pay off college loans through community service. Department of Education monies should be leveraged at the rate of one new Federal dollar for each eight state and local dollars, as recommended by the Carnegie Foundation for the Advancement of Teaching.

Job Training and Placement

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

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

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

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

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

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

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

Welfare Reform

Real welfare reform will not be easy, considering all the many previous unsuccessful legislative attempts. Accordingly, we recommend a process whereby the reform in Head Start, education in the inner-city, job training and placement and housing recommended in the report takes the lead. When these programs are reorganized

to be more cost effective, including a more community-oriented approach to service delivery and implementation, and when existing levels of funding are supplemented by the funding increases proposed here, then welfare reform can proceed more quickly.

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

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

Drug Prevention and Treatment

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

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

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

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

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

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

Health Care Reform

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

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

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

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

Better Evaluation is Needed

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

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

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

Linking Investment in Children and Youth with Investment in Housing and Infrastructure

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

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

Moving Beyond the Kerner Commission

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

Non-Profit/For-Profit Integration

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

A National Community Development Bank

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

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

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

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

Public Housing and Tenant Management

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

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

Innovative Policing as Community Development

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

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

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

Handgun Control and Congressional Inaction

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

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

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

of a specific Federal agency—to assure safety to Americans. Guns are one of the notable exceptions.

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

Reducing the Investment Gap and Employing Youth in Infrastructure Repair

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

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

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

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

Employing Youth in High Technology

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

Replacing Fool's Gold with Responsibility

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

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

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

Levels of Investment to Fulfill the Kerner Commission

The Kerner Commission asked the nation “to mount programs on a scale equal to the dimension of the problem.” For the initiatives in this testimony, our estimate

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

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

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

Sources of Investment Funding

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

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

The Timing of a Reform Scenario

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

Over the 1990's, debt reduction and economic recovery will be priorities. To the extent that infrastructure repair provides jobs as part of economic recovery, we need to insure that significant numbers of high risk youth are placed in such employment and that community-based non-profit organizations implement as much as possible. We anticipate some progress toward these goals during the first two years of our scenario.

It also should be attractive politically to move fairly swiftly on reform of Chapter 1 of the Elementary and Secondary Education Act, reform of the Job Training Partnership Act, and the delivery of housing and economic development via nonprofit organizations and creative for-profit organizations. This will be especially true if such reform initially can be negotiated *without* increased Federal spending. At the same time, we anticipate at least some progress on shifting drug spending from thirty

percent demand side to seventy percent demand side, on discontinuing unsuccessful domestic programs, and on shifting some Federal domestic discretionary money from demonstrations and experiments into replicating what already has been demonstrated to work. The net result could be as much as \$5B in funds freed up—to begin expansion of Head Start to all eligible children, expansion of Comer-type inner-city school reform, expansion of reformed job training and placement, creation of a Corporation for Youth Investment and expansion of drug prevention and treatment. It is within the realm of political feasibility in our view to achieve many of these goals by the end of the third year of the scenario.

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

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

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

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

Political Feasibility

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

Leadership

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

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

Reversing the Betrayal of American Democracy

If we are to reverse the betrayal of the American democracy, we need even more than wise national leaders. In the words of William Greider, in *Who Will Tell the People*, "Rehabilitating democracy will require citizens to devote themselves first to challenging the status quo, disrupting the existing contours of power and opening the way to renewal." Common people must engage their surrounding reality and "question the conflict between with what they are told and what they see and experience."

In America, this means old fashioned grassroots political lobbying to gain full funding for preschool modeled after the French experience and job training modeled in part after the German experience. It means massive voter registration of the poor, following some of the lessons of Canada. It means tight controls on special interest group lobbyists in Washington, the people who walk around in thousand dollar suits and alligator shoes. It means public financing of political campaigns, elimination of contribution loopholes and far shorter campaigns that limit both the use of money and the use of television, as is the case in the United Kingdom.

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

A Deeper Sense of Responsibility

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

The Dream Deferred

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

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

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

Does it dry up
Like a raisin in the sun?
Or fester like sore—
and then run?
Does it stink like rotten meat?
Or crust and sugar over
Like a syrupy sweet?
Maybe it just sags
Like a heavy load.
Or does it explode?

**TARGETING RESOURCES TO CENTRAL CITIES:
A STRATEGY FOR REDEVELOPING THE BLACK COMMUNITY**

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What has been commonly referred to as "the Black community" is more in jeopardy today than in previous times. A substantial number of individuals have emerged from that community able to survive and achieve in the wider society, but the integrity of the community itself has been fractured by a combination of that pattern of achievement and the withdrawal of resources by whites. Yet, calls for Blacks and the poor to exercise "personal responsibility" appear not to acknowledge this, nor to understand the basic interaction between the *group or collective resource base* and the ability of individuals to exercise responsibility.

For over a decade now, spokespersons and policy-makers supporting a conservative ideology have fostered the view that the impoverishment of the Black community is a result of the moral degeneracy of its inhabitants values and their unwillingness to assume personal responsibility for their negative actions. In this, the dictum went, they were led by civil rights leaders whose only agenda is to absolve them of responsibility and continually seek Government largess and the resulting policies and programs established by the Government did not work.

As such, it is possible to suggest that this attitude evolved as a backlash to the Civil Rights Movement and the perception that Blacks attracted more Government support than segments of the white majority. This feeling, together with the more stringent economic conditions of the 1970-80's, was a central motivating force in the repositioning the Government to serve the interests of the white community.

I will argue that the withdrawal of resources from the cities led to their impoverishment and that it is urgent to shore up and in fact, re-develop the institutions and living environment of the Black community as the key to the continued viability of individuals. In that regard, this paper addresses, the process which produced the breakup of the Black community, the debate over its reconstruction, and concludes that "targeting" general public policies is a necessary aspect to any lasting solution.

Resource Withdrawal and Suburban Civilization

For nearly a generation, some cities have suffered a net loss of population in a pattern of "white flight" that began soon after the enunciation of the 1954 Supreme Court decision and the prospect that white children would have to go to school with Black children. In fact, Nicholas Lemann, chronicler of the post World War II Black migration into the cities says: "The black poor have become the victims of the dissolution of the national mood of optimism and consensus, which has been proceeding steadily ever since they arrived in the Northern cities."¹ The racial motivation, combined with the desire of many people to transcend the confinement of the urban environment and achieve an idyllic life in newly constructed housing in largely homogeneous racial areas led to a substantial population build-up in the suburbs. While only 23 percent of the American population lived in metropolitan areas but outside central cities in 1950, by 1988, 46 percent did so, meaning that 70 percent of the population was suburban or ex-urban.² Indeed the biggest central city loss of population in the past decade is shown below:

TABLE 1.—CITIES BY GREATEST POPULATION LOSS 1980-1990

City	Percent Pop. Loss	Percent Black Pop.
Gary, IN	23.2	80.6
Newark, NJ	16.4	58.5
Detroit, MI	14.6	75.7
Pittsburgh, PA	12.8	25.8
St. Louis, MO	12.4	47.5
Cleveland, OH	11.9	46.6
Flint, MI	11.8	47.9
New Orleans, LA	10.9	61.9
Warren, MI	10.1	0.7
Chattanooga, TN	10.1	33.7

Source: Compilation by the Associated Press from the Decennial Census, reported in *The New York Times*, July 6, 1991.

The suburbs attracted new businesses and the extension of governmental services such as water, sewer, transportation, and jobs that would have gone to urban residents. Thus, it was not long before there would be what Joel Garreau has called "edge cities," or the emergence of what I would call a suburban civilization."³ These cities contained few minorities or Blacks and as such became a psychological symbol of all that the city was not in terms of race. Most important, the tax base shifted.

The growing suburban communities became not only more independent of cities, but competitive with cities for the resources which came from various sources.⁴ Sidney Barthelemy, the Black Mayor of New Orleans, said: "Pressure from suburbanites is part of the reason we can't have a wage tax or a gas tax and the legislature . . . prohibited us from having an inheritance tax."⁵ This situation is similar to the well known struggle of the government of the District of Columbia to enhance its revenues through a commuter tax an attempt which would probably be prohibited by the U.S. Government. The key to the competitiveness of the suburbs is that the census data show that beginning in the 1990's a majority of the American population lives in them. They, thus, have become the new base of the majority of American politicians who are able to modulate resources away from cities in favor of their suburban constituents. In addition, the suburbs have become the base of the anti-tax revolt that emerged in California in the mid-1970's, where the presumption is that tax resources would go to cities for spending on social programs rather than to continue to enhance the suburban infrastructure. This kind of political opposition has been able to deny critical resources to the cities for a considerable period of time.

The Withdrawal of Business

Many of the businesses that were burned out in the urban rebellions of the 1960's went to the suburbs and new businesses followed them there. Lemann, citing the work of Sociologist William Julius Williams, says, for example, that "Chicago lost 47 percent of its manufacturing jobs between 1972 and 1982. Jobs were generally moving to the suburbs and the Sunbelt, physically away from the Black poor, manufacturing jobs were going overseas or disappearing altogether, as the country shifted to a service economy that was split between minimum-wage jobs and work that required a high school or college degree."

The loss of jobs was especially swift, since between 1980 and 1990, inner-city Los Angeles lost 327,000 jobs, most of which were in half of which were in the manufacturing sector. The pattern is illustrated by such cities as Dallas, Texas, where the job loss was 18 percent between 1972 and 1989, while jobs grew in the smaller adjacent towns of Plano (363 percent) and Irving (309 percent) in the same period.⁷ Thus, the economic base of the city was less able to provide residents of the inner city a viable wage in many parts of the country.

Withdrawal of the Government

In the early 1980's, the Congress and the Reagan administration, proceeded to implement a conservative philosophy of Government, affecting a massive shift of \$600 billion of financial resources away from the social budget, cutting employment training, Government employment, welfare and other services based on the fomentation of an anti-city attitude which functionally became anti-Black and Hispanic.⁸ It was anticipated early in Regan's administration that the funding shift would have a strong negative impact upon Blacks.⁹ The result was described by Senator Christopher Dodd (D-Conn) at a 1991 hearing on "The Fiscal Crisis in the Nation's Cities," as a "dramatic Federal march away from our nation's cities," saying that the commitment of direct Federal spending to cities dropped from \$23.7 billion in 1980 to \$13 billion in 1991."¹⁰ Other figures indicate that direct Federal aid dropped to \$19.8 billion in 1990 from \$47 billion in 1980.¹¹ In any case, this reduction was felt in a number of programs critical to the life support system for poor inner-city residents:

TABLE 2.—PROGRAMS CUT DURING THE REAGAN-BUSH ADMINISTRATIONS

Program	Cut (Billion Dollars)		Percent Change
	1981	1993	
Urban Development Action Grants	0.6	0.0	100
General Revenue Sharing	8.0	0.0	100
Employment and Training	14.3	4.2	70.6
Assisted Housing	26.8	8.9	66.8
Economic Development Administration	0.6	0.2	56.7

TABLE 2.—PROGRAMS CUT DURING THE REAGAN-BUSH ADMINISTRATIONS—CONTINUED

Program	Cut (Billion Dollars)		Percent Change
	1981	1993	
Community Development Block Grant	6.3	4.0	36.5

Source: Martin Tolchin, "Mayors Press Clinton on Promise to Rebuild Nation," *New York Times*, January 25, 1993, p. A15.

Many more responsibilities were shifted to the cities (and states) with the requirement for matching funding and since the funds were not often available, cities still could not participate in some housing and social service programs. Thus, cities were unable to provide the range of services to families they had before the beginning of the 1980's. The result is that these cuts have taken a monstrous toll on the quality of life within the inner-city Black community as exhibited in the absolute increase in the level of poverty and isolation.

BROKEN COMMUNITY

While some analysts suggest that the withdrawal of resources has isolated Blacks, further compounding their problems, like David Ellwood, Harvard Economist, has said that:

"It doesn't seem to be space; it's race. [I am] starting to see some real disadvantages coming from the movement of jobs to the suburbs. There is no question that in the 1980's it aggravated the problem of the urban poor.

"There's a structural change and the location of jobs is part of it, but so is the location of good school systems, and the location of people who work and can share information about jobs. Living in the ghetto is detrimental not just because there are no jobs down the street but because there are no people down the street with jobs."¹²

The major consequence of the massive withdrawal of resources from cities was deepening poverty and unemployment which split the community apart. While the official poverty rate in the Black community was at about 32 percent by the end of the 1980, the brunt of poverty was suffered by Black children.¹³ Black children were 44 percent of the poverty by 1989.¹⁴ In fact, during the 1980's, the poverty rate for Anglos was stagnant, while that for Blacks and Hispanics increased.¹⁵ Then, the unemployment ratio between Blacks and whites, traditionally twice for Blacks, was unchanged at the end of this period, or 7.1 percent to 14.5 percent.¹⁶

The withdrawal, discussed above, was not simply fueled by individual whites leaving the cities, but also by segments of the newly affluent Black middle class which had benefited from the gains of the Civil Rights Movement of the 1960's and 1970's. Black population rose in some cities in the North, but much faster in the far West and the Sun Belt. For example, the Census Bureau reported that the Black population rose in Sacramento, CA (65.5 percent), San Diego (52.5 percent), Miami-Fort Lauderdale (50.1 percent), Atlanta (40 percent), and Seattle (40 percent).¹⁷

This movement, however, "split minority communities apart. Upper-middle class Blacks moved on and prospered, and thus 'decapitated' the vertical integration" that was characteristic of many cities in the period before.¹⁸

This provided, therefore, a fertile atmosphere for the entry of the drug trade into the city, especially the "crack" phase, as a substitute commercial activity providing illegal jobs and income in place of the legitimate economy. It also brought an accompanying reign of terror in the rising homicide rate in the inner-city among young Black males. In Washington, D.C. for example, a majority Black city, the homicides sky-rocketed to a record 483 in 1990, with the percentage of killings associated with drugs reaching 60 percent in 1988 and declining to 41 percent in 1990.¹⁹ Many of these young men exhibit so little regard for human life that it is logical to wonder what environment contributed such a result.

BROKEN FAMILY

The withdrawal of resources enhanced the level of socioeconomic disorganization of the Black community, leaving many homes and families without jobs, services or a safety net. For example, whereas in the 1930's and 1940's the level of two-parent households among blacks was at the high 70 percent range, 40 years later, the family was beginning to fall apart under the weight of poverty to the point that by the end of the decade of the 1980's, 62 percent of Black children were born into a female-headed household.²⁰

The breakdown of the Black family in the inner-city was part of a national pattern, sparked by the general increase in inner-city poverty. Robert Reich said that

between 1978 and 1987, the poorest fifth of American families became eight percent poorer, and the richest fifth became 13 percent richer, such that at the end, the former had 5 percent of the nation's income and the latter 40 percent.²¹ In 1965, 28.3 percent of Black families were headed by single female. By 1983 it had risen to 41.9 percent, and the extent of this trend accounted for 75 percent of the poverty among Blacks.²² In addition, figures mushroomed for teenagers not working during the year with low incomes, as the official rate, probably higher, was 35 percent for those over 16 years, and 65 percent for those 16 and 17 years, in 1989.²³

BROKEN VALUES

This breakdown of the family is the key to the dissolution of the value system that has pervaded the Black community. The models and enforcers of middle class community values and conduct no longer take responsibility and are often no longer in close proximity to the original community, which means that the "original value set" of the community is in danger of being lost altogether. Thus, the family and community sanctions against teen-age pregnancy, against violence, against a variety of newly unregulated youth behavior (public cursing, lack of respect for elders, violence, weapons possession, fighting, staying out late, sexual promiscuity, etc.) no longer exist in many settings. That part of the Black community value system which monitored and enriched the Black self was always arrayed against the larger community and its value system and that part which was compatible with the larger system was always reinforced by it.

The majority has the ability to project and reinforce a comprehensive set of values as the "national culture." While popular culture contains elements such as the indigenous musical beauty of Nancy Wilson or Aaron Copland, the artistry of a Jacob Lawrence or Norman Rockwell and the industry of a John A. Johnson or J. Paul Getty, it also shows us the bald face of racism, sexism, violence, and mindless consumerism on every conceivable media. Because of the weakness of the value system of the Black community, young people especially are yielding to the most negative aspects of popular culture with various forms of irresponsible behavior.

BROKEN DREAMS

The Black Manchild (In the way Claude Brown, *Manchild in the Promised Land*, would use this concept), then, has few sanctions imposed upon him regarding what constitutes acceptable behavior by his community that he respects. He is often a free player with few constraints of family or influences by institutions such as the church or school. In short, he is available to be recruited into activity which offers him the kind of world that he has seen projected in the popular culture. Thus, he indulges in the drug culture for money and a job, and the gang culture for family and personal respect, and far too often, the painful end to either of these pursuits is jail or death.

BROKEN STRATEGY

Obviously there is a need for a new urban policy as the primary agenda for the Black community. The presidential election recently took place against the backdrop of the rebellion in Los Angeles, spilling over into other cities with similar conditions. Estimates for addressing urban decay have been made by the National Conference of Mayors which estimates that \$37 billion would be needed, this is lower than the \$50 billion proposed by the National Urban League in its "Urban Marshall Plan," but greater than the Congressional Black Caucus package of \$30.1 billion. None of them, however, has addressed effectively the issue that general programs will not "empower" the inner-city communities.

Those who would revolutionize the inner-city must realize that much of the "program" and "project"-centered dialogue is ineffective. As one observer said: "We're all groping in this country for a new urban strategy at a time when it's clear the old strategy is broken."²⁴ Even Jack Kemp, former Secretary of Housing and Urban Development, who helped to reduce the low-income housing assistance budget to the point that it was irrelevant in stemming homelessness, said: "A new war on poverty is not only a moral imperative, it is an economic and strategic imperative."²⁵ However, his version of a "war on Poverty" was based on entrepreneurial projects, the small scale capital for which came essentially (and ironically) from the government.

Therefore, considering that new spending for the improvement of human capital resources have been proposed by President Clinton, it is urgent to consider the kind of strategies and tactics that could lead them to have an impact on inner-city poor communities.

Implimentation: Targeting and Tying

The key to having an effective strategy of operationalizing the principles above is vigilance in the policy process by asserting the criteria of targeting at the various stages in the process, such as the legislative or program formation stage, the implementation stage, and the "oversight" stage.

President Bill Clinton is proposing to spend \$30 billion for a short-term job stimulus package, that would create 500,000 jobs and considerably more in his "Rebuild America" package. The Federal Highway program alone will create 150,000 jobs over a four years period, with the rapid transit program creating another 83,000 jobs in the same period. Then, spending through Community Development Block Grants (CDBG) is estimated to create 60,000 jobs in five years, and additional programs such as housing rehab will make other jobs available as well. Clinton's CDBG program is said to be "targeted at low- and moderate-income residents . . . with the greatest need."²⁶ The same inference exists with respect to "enterprise zones" where his plan says the proposal includes an expansion of the "targeted jobs tax credit, in order to encourage low-income inner-city and rural residents to obtain employment, become self-supporting and leave welfare."²⁷ The question is, however, how many of these jobs will be targeted to cities and to the inner cities in particular?

There is considerable reason for skepticism that such jobs, rhetorically intended for "inner-city residents" will actually arrive, given the power of majority politicians to change Congressional intent to serve their own community, and the pressures on Clinton to service the white suburban middle class.

In any case, one possibility for targeting involves construction. Changes in the Davis-Bacon Act which governs construction aided with federal funds has changed the 1992 regulations to provide for the use of "helpers" on jobs in a ratio of two such "helpers" to three journeymen. And since the contract threshold has also been raised from \$2,000 to \$250,000, a wider number of construction jobs will theoretically be available.²⁸

Another possibility for *targeting* is to change the threshold criteria for poverty in the communities served. In neighborhoods which the Census Bureau has defined as poor, 38 percent of all residents in those areas were poor in 1990, but 44 percent were Black. The Census Bureau defined "poverty areas" as census tracts or minor civil divisions in an area with poverty rates of 20 percent or higher in the most recent census.²⁹ Nevertheless, Congresswoman Maxine Waters uses a 30 percent-plus threshold in her "Neighborhood Infrastructure Improvement and Inner-City Job Creation Act." Additional criteria for individuals eligible for her program would include:

1. Individuals unemployed at the time of enrollment;
2. Individuals unemployed for a minimum of 15 weeks immediately prior to the date of enrollment;
3. Individuals who have made a good faith attempt to find employment during the 15 week period in which they were unemployed; with
4. Priority given to individuals who have exhausted their unemployment benefits or are otherwise not eligible for such unemployment insurance benefits;
5. A unit of local government that a population of 50,000 or more.

It is possible to see above that emphasis has been placed on large cities with census tracts containing a sizable number of individuals who are and have been unemployed. If this data is used as a model, one question arises concerning whether or not the "14 week" criteria is narrow enough to capture the "truly disadvantaged." Data from the census indicates that in the early 1980's, Black unemployment averaged 20 weeks, whereas Hispanics had 17 weeks, and whites had 14 weeks.³⁰ Therefore, with an improving economy, a 14 week criteria might be so broad that a program could not fund all of those who were in relatively intractable poverty.

Another criteria might be included here as the other side of full-time employment, which is *level of part-time unemployment*. Such part-time employment rates for the same period were: Black—31.9 percent; Hispanics—30.1 percent; white—15.8 percent.³¹ Thus, the level of part-time employment in a community is also an indicator of both poverty and employment stress.

In addition to re-evaluating the criteria of "weeks unemployed" and "part-time employment" levels, there are others which might be considered. A study of low-income working-age adults in Washington, D.C. suggests that more careful targeting to include the poor in programs might involve the following criteria:³²

1. Places with 40 percent teenage unemployment or greater;
2. Places with high (25 percent) incarceration rates of the minority male population;

3. Places with female-headed households above 30 percent, qualified by a poverty income;
4. High levels of disability and illness (as determined by rate of visits to health care providers);
5. Places with low levels of availability of personal transportation (25 percent or more do not have automobiles);
6. High drop-out rates from high school at (30 percent or more).

The essence of the criteria above suggest that targeting can be achieved by the kind of variables presented which might be the basis of formula for the structuring of programs directed toward low-income residents. One may be more certain that program resources ostensibly fashioned with low-income residents in mind may actually deliver those resources to the intended population.

Enterprise Zones represents yet another form of targeting economic projects, to poverty areas. Zone selection in states have emphasized a competitive process based on the criteria of levels of community distress, level of local commitment, and chance of success.³³ Such criteria have provided an ambiguous impact on communities with severe poverty. The emphasis of the original Kemp-Garcia Federal proposals of 1982 were on providing corporations tax relief to relocate in depressed areas, however, studies by the Congressional Budget Office and the Urban Institute of the 32 states where there are such zones, indicate that those zones which have been successful in producing a significant number of jobs, exists within a rich culture of other supportive social programs. In fact, because the objective is to attract large scale business it requires an array of targeting devices rather than just tax incentives. One lobbyist for the Zones, says: "In the real city it's infrastructure, its racism, the decline of the tax base, the decline of the industrial base, the beltways, those suburban industrial parks—its been all of that. If it was just taxes and regulations, we would have the same problems in the suburbs."³⁴

That is why in the struggle for objectives between deregulating the business environment and effectively reaching severely distressed populations the targeting principles utilized by Congresswoman Maxine Waters are heavily weighted on the latter:

1. Changes in regulations cannot infringe upon regulations regarding civil rights, equal employment rights, equal opportunity rights, fair housing rights, work place safety rights, or environmental protection regulations.
2. As the purpose of such legislation is to bring economic stability in economically depressed areas, 75 percent of the generated jobs are to be filled by the people living in the enterprise zone and/or adjacent high density unemployed areas.
3. In addition to bringing businesses back into communities, promotion of business ownership by people of color should be an integral part of enterprise zone planning.
4. Boundaries for the enterprise zone should be drawn in such a way as to fully benefit an economically depressed area(s). This may mean excluding larger stable business areas or heavily residential areas whose inclusion would be detrimental to the economically depressed area.
5. Enterprise Zone plans should include an evaluation of existing social service and educational opportunities to ensure the development and appropriate expansion of such services.
6. Crime prevention programs which promote communication, cooperation, and trust between police and the community will be another key ingredient in Enterprise Zone Plans.
7. To support national economic growth, Enterprise Zone Plans should emphasize business return, revitalization and initiation as opposed to business relocation which could lead to economic depression for the losing area.³⁵

Clearly, the potential of such principles to apply to other social programs is evident and should be the subject of an expanded debate over how to deliver local, state, and federal resources to severely depressed communities.

The step of *tying* programs to the targeted areas might enhance the impact. For example, new Welfare reform regulations enhance implement the requirement that recipients pursue work by making welfare available for only two years, and thereafter work becomes mandatory in either a private or public sector job. In some states, however, such as Michigan, where Welfare reform has resulted in cutting rolls substantially, only a small proportion of those cut have found employment.

With the new work requirement, it would appear plausible to reserve (target) a portion of those jobs that are created as a result of the application of federal employment stimulus or other funds, for individuals who are required to obtain employment in order to get off of Welfare programs. The same might be suggested for the placement of projects funded by economic stimulus funds in communities with high

levels of unemployment. While some job-training entrants are required to be unemployed, a "set-aside" mechanism might be used for actual jobs, where being unemployed might be a critical element in a preference system by which such jobs will be filled, as seen above. A percentage of such jobs might be reserved or a "first right of refusal" might be established for the unemployed or those who fit other criteria.

Considerable resources will be devoted to developing a preference system for displaced workers who, through a retraining program will undoubtedly have access to living-wage government created jobs. However, this might be another "targeting" mechanism that would help long-term unemployment for thousands of inner-city families.

Finally, the objective facts indicate that significant portions of the Black middle class needs targeted opportunities, despite the controversy which has accompanied such programs as affirmative action. The documentable evidence indicates that members of the Black middle class continue to suffer significant racial discrimination in access to jobs, to education, to capital, to housing, to consumer items, and in other areas.³⁶

A study by William Spriggs of the Economic Policy Institute finds that "non-market forces are most to blame for observed racial employment disparities."³⁷ In a careful, quantitative analysis of the effect on Black employment of business cycles from 1954 to 1991, Spriggs concludes that an approach to Black progress in the labor force which only emphasizes macro economic growth is likely to increase disparities because white unemployment is more sensitive to changes in the business cycle than Blacks. Thus, is it possible to get greater growth of Black labor force participation with slower macro level growth through targeting, i.e., stronger education, job training, affirmative action enforcement and other measures to include Blacks in the labor force and to provide upward mobility. This suggests that ultimately targeting is not only a tool with which to structure programs to bore effectively deliver resources, but that through doing so, one is able to militate to some extent, the structural impact of racism that is a powerful barrier to Black progress in many areas.³⁸

Race-Neutral or Race-Specific Policy

Sociologist William Julius Williams has analyzed the depth of urban poverty in much the terms suggested in the introduction above, in several highly regarded works, and his conclusion with respect to correcting the situation by "race-neutral" policy has sparked a debate.³⁹ Economist David Swinton, Dean of the School of Business at Jackson State University, however, has made a devastating critique of the economic status of Blacks in the early 1990's, and supports the necessity for race-specific policy based on the degree to which racism which accounts for economic disparities of various kinds between Blacks and whites. He finds that through reliance upon general race-neutral policies alone "we can never expect the normal operation of the system to produce an end to racial inequality in American life. Thus, if racial inequality is to end, there must be *direct intervention* (my emphasis) to eliminate the aforementioned disadvantages."⁴⁰

This is why Dr. Charles Betsey, Chair of the Economics Department at Howard University finds that program eligibility rules and funding formulae have "distributional consequences," concluding that "both race-conscious as well as race-neutral policies are necessary to address the employment problems of African Americans."⁴¹

It is possible to agree with Professor Betsey that both race-neutral and race-specific policies are necessary, the latter as a form of targeting. Since institutional racism, or the use of race as a negative preference in the distribution of public policy, is important in preventing race-neutral formulations of public policy from addressing the needs of Black populations, a 1989 study on civil rights funded by the Ford Foundation, suggested that enforcement should be improved. They recommended that:

1. Better targeted civil rights policy in education would focus greater attention on public school practices that place disproportionately high numbers of minority children in classes [etc.];

2. Better targeted policy in health would require the Dept. of Health and Human Services to take action to enforce the obligation of Hill-Burton hospitals to make services available to all people in the community.

3. Better targeted policy in housing would direct more enforcement efforts to eliminate exclusionary land use practices and residential mortgage loan criteria which, although couched in non-racial terms, effectively ban the entry of minority citizens into many communities.⁴²

What occurred in the 1980's with a high pattern of economic growth in the suburbs, profiting from the generally high national growth, which left the cities poorer,

is a monumental lesson for untargeted urban proposals. In addition, since 43 million whites still live in cities who have socio-economic resources greater than those of Blacks and Hispanics, the "Rebuild America" policies of President Clinton require more serious attention to targeting if they are to be successful. This is the basis of my rejection of William Wilson's "stealth" approach, wherein he suggests that targeted policies for Blacks must be hidden in a framework which basically serves the interest of the majority.

To the contrary, I agree with Bernard Boxill's criticism of Wilson that reform that must always serve the interest of the majority is immoral.⁴³ Furthermore, the majority must come to see that the immediate interests of Blacks and Hispanics must be served if they are to play a role in the viability of the nation which secures a successful future for their own children and those of the majority as well.

More effective targeting of general policy programs would not only improve the delivery of resources to a community that is desperate for some relief, it would fulfill a political commitment that Bill Clinton owes to Black voters—acknowledged or not—and in so doing, it would restore the confidence of Blacks that the "dance" of policy and politics was a meaningful aspects of their citizenship, not a symbolic ritual without substance.

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THE

**KERNER
REPORT**

THE 1968 REPORT
OF THE
NATIONAL ADVISORY
COMMISSION
ON CIVIL DISORDERS

with a preface by Fred R. Harris
and a new introduction by Tom Wicker

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**REPORT OF THE
NATIONAL ADVISORY
COMMISSION
ON CIVIL
DISORDERS**

SUMMARY

INTRODUCTION

The summer of 1967 again brought racial disorders to American cities, and with them shock, fear and bewilderment to the nation.

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

On July 28, 1967, the President of the United States established this Commission and directed us to answer three basic questions:

What happened?

Why did it happen?

What can be done to prevent it from happening again?

To respond to these questions, we have undertaken a broad range of studies and investigations. We have visited the riot cities; we have heard many witnesses; we have sought the counsel of experts across the country.

This is our basic conclusion: Our nation is moving toward two societies, one black, one white—separate and unequal.

Reaction to last summer's disorders has quickened the movement and deepened the division. Discrimination and segregation have long permeated much of American life; they now threaten the future of every American.

This deepening racial division is not inevitable. The movement apart can be reversed. Choice is still possible. Our principal task is to define that choice and to press for a national resolution.

To pursue our present course will involve the continuing polarization of the American community and, ultimately, the destruction of basic democratic values.

The alternative is not blind repression or capitulation to lawlessness. It is the realization of common opportunities for all within a single society.

This alternative will require a commitment to national

action—compassionate, massive and sustained, backed by the resources of the most powerful and the richest nation on this earth. From every American it will require new attitudes, new understanding, and, above all, new will.

The vital needs of the nation must be met; hard choices must be made, and, if necessary, new taxes enacted.

Violence cannot build a better society. Disruption and disorder nourish repression, not justice. They strike at the freedom of every citizen. The community cannot—it will not—tolerate coercion and mob rule.

Violence and destruction must be ended—in the streets of the ghetto and in the lives of people.

Segregation and poverty have created in the racial ghetto a destructive environment totally unknown to most white Americans.

What white Americans have never fully understood—but what the Negro can never forget—is that white society is deeply implicated in the ghetto. White institutions created it, white institutions maintain it, and white society condones it.

It is time now to turn with all the purpose at our command to the major unfinished business of this nation. It is time to adopt strategies for action that will produce quick and visible progress. It is time to make good the promises of American democracy to all citizens—urban and rural, white and black, Spanish-surname, American Indian, and every minority group.

Our recommendations embrace three basic principles:

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

These programs will require unprecedented levels of funding and performance, but they neither probe deeper nor demand more than the problems which called them forth. There can be no higher priority for national action and no higher claim on the nation's conscience.

We issue this Report now, five months before the date called for by the President. Much remains that can be learned. Continued study is essential.

As Commissioners we have worked together with a sense of the greatest urgency and have sought to compose whatever differences exist among us. Some differences remain. But the gravity of the problem and the pressing need for action are too clear to allow further delay in the issuance of this Report.

PART I—WHAT HAPPENED?

Chapter 1—Profiles of Disorder

The report contains profiles of a selection of the disorders that took place during the summer of 1967. These profiles are designed to indicate how the disorders happened, who participated in them, and how local officials, police forces, and the National Guard responded. Illustrative excerpts follow:

NEWARK

. . . It was decided to attempt to channel the energies of the people into a nonviolent protest. While Lofton promised the crowd that a full investigation would be made of the Smith incident, the other Negro leaders began urging those on the scene to form a line of march toward the city hall.

Some persons joined the line of march. Others milled about in the narrow street. From the dark grounds of the housing project came a barrage of rocks. Some of them fell among the crowd. Others hit persons in the line of march. Many smashed the windows of the police station. The rock throwing, it was believed, was the work of youngsters; approximately 2,500 children lived in the housing project.

Almost at the same time, an old car was set afire in a parking lot. The line of march began to disintegrate. The police, their heads protected by World War I-type helmets, sallied forth to disperse the crowd. A fire engine, arriving on the scene, was pelted with rocks. As police drove people away from the station, they scattered in all directions.

A few minutes later a nearby liquor store was broken into. Some persons, seeing a caravan of cabs appear at city hall to protest Smith's arrest, interpreted this as evidence that the disturbance had been organized, and generated rumors to that effect.

However, only a few stores were looted. Within a short period of time, the disorder appeared to have run its course.

* * *

. . . On Saturday, July 15, [Director of Police Dominick] Spina received a report of snipers in a housing project. When he arrived he saw approximately 100 National Guardsmen and police officers crouching behind vehicles, hiding in corners and lying on the ground around the edge of the courtyard.

Since everything appeared quiet and it was broad daylight, Spina walked directly down the middle of the street. Nothing happened. As he came to the last building of the complex, he heard a shot. All around him the troopers jumped, believing themselves to be under sniper fire. A moment later a young Guardsman ran from behind a building.

The Director of Police went over and asked him if he had fired the shot. The soldier said yes, he had fired to scare a man away from a window; that his orders were to keep everyone away from windows.

Spina said he told the soldier: "Do you know what you just did? You have now created a state of hysteria. Every Guardsman up and down this street and every state policeman and every city policeman that is present thinks that somebody just fired a shot and that it is probably a sniper."

A short time later more "gunshots" were heard. Investigating, Spina came upon a Puerto Rican sitting on a wall. In reply to a question as to whether he knew "where the firing is coming from?" the man said:

"That's no firing. That's fireworks. If you look up to the fourth floor, you will see the people who are throwing down these cherry bombs."

By this time four truckloads of National Guardsmen had arrived and troopers and policemen were again crouched everywhere looking for a sniper. The Director of Police remained at the scene for three hours, and the only shot fired was the one by the Guardsman.

Nevertheless, at six o'clock that evening two columns of National Guardsmen and state troopers were directing mass fire at the Hayes Housing Project in response to what they believed were snipers. . . .

DETROIT

. . . A spirit of carefree nihilism was taking hold. To riot and destroy appeared more and more to become ends in themselves. Late Sunday afternoon it appeared to one observer that the young people were "dancing amidst the flames."

A Negro plainclothes officer was standing at an intersection when a man threw a Molotov cocktail into a business establishment at the corner. In the heat of the afternoon, fanned by the 20 to 25 m.p.h. winds of both Sunday and Monday, the fire reached the home next door within minutes. As residents uselessly sprayed the flames with garden hoses, the fire jumped from roof to roof of adjacent two- and three-story buildings. Within the hour the entire block was in flames. The ninth house in the burning row belonged to the arsonist who had thrown the Molotov cocktail. . . .

* * *

. . . Employed as a private guard, 55-year-old Julius L. Dorsey, a Negro, was standing in front of a market when accosted by two Negro men and a woman. They demanded he permit them to loot the market. He ignored their demands. They began to berate him. He asked a neighbor to call the police. As the argument grew more heated, Dorsey fired three shots from his pistol into the air.

The police radio reported: "Looters, they have rifles." A patrol car driven by a police officer and carrying three National Guardsmen arrived. As the looters fled, the law enforcement personnel opened fire. When the firing ceased, one person lay dead.

He was Julius L. Dorsey . . .

* * *

. . . As the riot alternately waxed and waned, one area of the ghetto remained insulated. On the northeast side the residents of some 150 square blocks inhabited by 21,000 persons had, in 1966, banded together in the Positive Neighborhood Action Com-

mittee (PNAC). With professional help from the Institute of Urban Dynamics, they had organized block clubs and made plans for the improvement of the neighborhood. . . .

When the riot broke out, the residents, through the block clubs, were able to organize quickly. Youngsters, agreeing to stay in the neighborhood, participated in detouring traffic. While many persons reportedly sympathized with the idea of a rebellion against the "system," only two small fires were set—one in an empty building.

* * *

. . . According to Lt. Gen. Throckmorton and Col. Bolling, the city, at this time, was saturated with fear. The National Guardsmen were afraid, the citizens were afraid, and the police were afraid. Numerous persons, the majority of them Negroes, were being injured by gunshots of undetermined origin. The general and his staff felt that the major task of the troops was to reduce the fear and restore an air of normalcy.

In order to accomplish this, every effort was made to establish contact and rapport between the troops and the residents. The soldiers—20 percent of whom were Negro—began helping to clean up the streets, collect garbage, and trace persons who had disappeared in the confusion. Residents in the neighborhoods responded with soup and sandwiches for the troops. In areas where the National Guard tried to establish rapport with the citizens, there was a similar response.

NEW BRUNSWICK

. . . A short time later, elements of the crowd—an older and rougher one than the night before—appeared in front of the police station. The participants wanted to see the mayor.

Mayor [Patricia] Sheehan went out onto the steps of the station. Using a bullhorn, she talked to the people and asked that she be given an opportunity to correct conditions. The crowd was boisterous. Some persons challenged the mayor. But, finally, the opinion, "She's new! Give her a chance!" prevailed.

A demand was issued by people in the crowd that all persons arrested the previous night be released. Told that this already had been done, the people were suspicious. They asked to be allowed to inspect the jail cells.

It was agreed to permit representatives of the people to look in the cells to satisfy themselves that everyone had been released.

The crowd dispersed. The New Brunswick riot had failed to materialize.

Chapter 2—Patterns of Disorder

The "typical" riot did not take place. The disorders of 1967 were unusual, irregular, complex and unpredictable social processes. Like most human events, they did not unfold in an orderly sequence. However, an analysis of our survey information leads to some conclusions about the riot process.

In general:

- The civil disorders of 1967 involved Negroes acting against local symbols of white American society, authority and property in Negro neighborhoods—rather than against white persons.
- Of 164 disorders reported during the first nine months of 1967, eight (5 percent) were major in terms of violence and damage; 33 (20 percent) were serious but not major; 123 (75 percent) were minor and undoubtedly would not have received national attention as riots had the nation not been sensitized by the more serious outbreaks.
- In the 75 disorders studied by a Senate subcommittee, 83 deaths were reported. Eighty-two percent of the deaths and more than half the injuries occurred in Newark and Detroit. About 10 percent of the dead and 38 percent of the injured were public employees, primarily law officers and firemen. The overwhelming majority of the persons killed or injured in all the disorders were Negro civilians.
- Initial damage estimates were greatly exaggerated. In Detroit, newspaper damage estimates at first ranged from \$200 million to \$500 million; the highest recent estimate is \$45 million. In Newark, early estimates ranged from \$15 to \$25 million. A month later damage was estimated at \$10.2 million, 80 percent in inventory losses.

In the 24 disorders in 23 cities which we surveyed:

- The final incident before the outbreak of disorder, and the initial violence itself, generally took place in the evening or at night at a place in which it was normal for many people to be on the streets.
- Violence usually occurred almost immediately following the occurrence of the final precipitating incident, and then escalated rapidly. With but few exceptions, violence subsided during the day, and flared rapidly again at night. The night-day cycles continued through the early period of the major disorders.
- Disorder generally began with rock and bottle throwing and window breaking. Once store windows were broken, looting usually followed.
- Disorder did not erupt as a result of a single "triggering" or "precipitating" incident. Instead, it was generated out of an increasingly disturbed social atmosphere, in which typically a series of tension-heightening incidents over a period of weeks or months became linked in the minds of many in the Negro community with a reservoir of underlying grievances. At some point in the mounting tension, a further incident—in itself often routine or trivial—became the breaking point and the tension spilled over into violence.
- "Prior" incidents, which increased tensions and ultimately led to violence, were police actions in almost half the cases; police actions were "final" incidents before the outbreak of violence in 12 of the 24 surveyed disorders.
- No particular control tactic was successful in every situation. The varied effectiveness of control techniques emphasizes the need for advance training, planning, adequate intelligence systems, and knowledge of the ghetto community.

- **Negotiations between Negroes**—including young militants as well as older Negro leaders—and white officials concerning "terms of peace" occurred during virtually all the disorders surveyed. In many cases, these negotiations involved discussion of underlying grievances as well as the handling of the disorder by control authorities.
- The typical rioter was a teenager or young adult, a lifelong resident of the city in which he rioted, a high school dropout; he was, nevertheless, somewhat better educated than his nonrioting Negro neighbor, and was usually underemployed or employed in a menial job. He was proud of his race, extremely hostile to both whites and middle-class Negroes and, although informed about politics, highly distrustful of the political system.

A Detroit survey revealed that approximately 11 percent of the total residents of two riot areas admitted participation in the rioting, 20 to 25 percent identified themselves as "bystanders," over 16 percent identified themselves as "counter-rioters" who urged rioters to "cool it," and the remaining 48 to 53 percent said they were at home or elsewhere and did not participate. In a survey of Negro males between the ages of 15 and 35 residing in the disturbance area in Newark, about 45 percent identified themselves as rioters, and about 55 percent as "noninvolved."

- Most rioters were young Negro males. Nearly 53 percent of arrestees were between 15 and 24 years of age; nearly 81 percent between 15 and 35.
- In Detroit and Newark about 74 percent of the rioters were brought up in the North. In contrast, of the noninvolved, 36 percent in Detroit and 52 percent in Newark were brought up in the North.
- What the rioters appeared to be seeking was fuller participation in the social order and the material benefits enjoyed by the majority of American citizens. Rather than rejecting the American system, they were anxious to obtain a place for themselves in it.
- Numerous Negro counter-rioters walked the streets urging rioters to "cool it." The typical counter-rioter was better educated and had higher income than either the rioter or the noninvolved.
- The proportion of Negroes in local government was substantially smaller than the Negro proportion of population. Only three of the 20 cities studied had more than one Negro legislator; none had ever had a Negro mayor or city manager. In only four cities did Negroes hold other important policy-making positions or serve as heads of municipal departments.
- Although almost all cities had some sort of formal grievance mechanism for handling citizen complaints, this typically was regarded by Negroes as ineffective and was generally ignored.
- Although specific grievances varied from city to city, at least 12 deeply held grievances can be identified and ranked into three levels of relative intensity:

First Level of Intensity

1. Police practices
2. Unemployment and underemployment
3. Inadequate housing

Second Level of Intensity

4. Inadequate education
5. Poor recreation facilities and programs
6. Ineffectiveness of the political structure and grievance mechanisms

Third Level of Intensity

7. Disrespectful white attitudes
 8. Discriminatory administration of justice
 9. Inadequacy of federal programs
 10. Inadequacy of municipal services
 11. Discriminatory consumer and credit practices
 12. Inadequate welfare programs
- The results of a three-city survey of various federal programs—manpower, education, housing, welfare and community action—indicate that, despite substantial expenditures, the number of persons assisted constituted only a fraction of those in need.

The background of disorder is often as complex and difficult to analyze as the disorder itself. But we find that certain general conclusions can be drawn:

- Social and economic conditions in the riot cities constituted a clear pattern of severe disadvantage for Negroes compared with whites, whether the Negroes lived in the area where the riot took place or outside it. Negroes had completed fewer years of education and fewer had attended high school. Negroes were twice as likely to be unemployed and three times as likely to be in unskilled and service jobs. Negroes averaged 70 percent of the income earned by whites and were more than twice as likely to be living in poverty. Although housing cost Negroes relatively more, they had worse housing—three times as likely to be overcrowded and substandard. When compared to white suburbs, the relative disadvantage is even more pronounced.

A study of the aftermath of disorder leads to disturbing conclusions. We find that, despite the institution of some post-riot programs:

- Little basic change in the conditions underlying the outbreak of disorder has taken place. Actions to ameliorate Negro grievances have been limited and sporadic; with but few exceptions, they have not significantly reduced tensions.
- In several cities, the principal official response has been to train and equip the police with more sophisticated weapons.
- In several cities, increasing polarization is evident, with continuing breakdown of inter-racial communication, and growth of white segregationist or black separatist groups.

Chapter 3—Organized Activity

The President directed the Commission to investigate "to what extent, if any, there has been planning or organization in any of the riots."

To carry out this part of the President's charge, the Commission established a special investigative staff supplementing the field teams that made the general examination of the riots in 23 cities. The unit examined data collected by federal agencies and congressional committees, including thousands of documents supplied by the Federal Bureau of Investigation, gathered and evaluated information from local and state law enforcement agencies and officials, and conducted its own field investigation in selected cities.

On the basis of all the information collected, the Commission concludes that:

The urban disorders of the summer of 1967 were not caused by, nor were they the consequence of, any organized plan or "conspiracy."

Specifically, the Commission has found no evidence that all or any of the disorders or the incidents that led to them were planned or directed by any organization or group, international, national or local.

Militant organizations, local and national, and individual agitators, who repeatedly forecast and called for violence, were active in the spring and summer of 1967. We believe that they sought to encourage violence, and that they helped to create an atmosphere that contributed to the outbreak of disorder.

We recognize that the continuation of disorders and the polarization of the races would provide fertile ground for organized exploitation in the future.

Investigations of organized activity are continuing at all levels of government, including committees of Congress. These investigations relate not only to the disorders of 1967 but also to the actions of groups and individuals, particularly in schools and colleges, during this last fall and winter. The Commission has cooperated in these investigations. They should continue.

PART II—WHY DID IT HAPPEN?

Chapter 4—The Basic Causes

In addressing the question "Why did it happen?" we shift our focus from the local to the national scene, from the par-

ticular events of the summer of 1967 to the factors within the society at large that created a mood of violence among many urban Negroes.

These factors are complex and interacting; they vary significantly in their effect from city to city and from year to year; and the consequences of one disorder, generating new grievances and new demands, become the causes of the next. Thus was created the "thicket of tension, conflicting evidence and extreme opinions" cited by the President.

Despite these complexities, certain fundamental matters are clear. Of these, the most fundamental is the racial attitude and behavior of white Americans toward black Americans.

Race prejudice has shaped our history decisively; it now threatens to affect our future.

White racism is essentially responsible for the explosive mixture which has been accumulating in our cities since the end of World War II. Among the ingredients of this mixture are:

- *Pervasive discrimination and segregation* in employment, education and housing, which have resulted in the continuing exclusion of great numbers of Negroes from the benefits of economic progress.
- *Black in-migration and white exodus*, which have produced the massive and growing concentrations of impoverished Negroes in our major cities, creating a growing crisis of deteriorating facilities and services and unmet human needs.
- *The black ghettos* where segregation and poverty converge on the young to destroy opportunity and enforce failure. Crime, drug addiction, dependency on welfare, and bitterness and resentment against society in general and white society in particular are the result.

At the same time, most whites and some Negroes outside the ghetto have prospered to a degree unparalleled in the history of civilization. Through television and other media, this affluence has been flaunted before the eyes of the Negro poor and the jobless ghetto youth.

Yet these facts alone cannot be said to have caused the disorders. Recently, other powerful ingredients have begun to catalyze the mixture:

- *Frustrated hopes* are the residue of the unfulfilled expectations aroused by the great judicial and legislative victories of the Civil Rights Movement and the dramatic struggle for equal rights in the South.
- *A climate that tends toward approval and encouragement of violence* as a form of protest has been created by white terrorism directed against nonviolent protest; by the open defiance of law and federal authority by state and local officials resisting desegre-

gation; and by some protest groups engaging in civil disobedience who turn their backs on nonviolence, go beyond the constitutionally protected rights of petition and free assembly, and resort to violence to attempt to compel alteration of laws and policies with which they disagree.

- *The frustrations of powerlessness* have led some Negroes to the conviction that there is no effective alternative to violence as a means of achieving redress of grievances, and of "moving the system." These frustrations are reflected in alienation and hostility toward the institutions of law and government and the white society which controls them, and in the reach toward racial consciousness and solidarity reflected in the slogan "Black Power."
- *A new mood* has sprung up among Negroes, particularly among the young, in which self-esteem and enhanced racial pride are replacing apathy and submission to "the system."
- *The police are not merely a "spark" factor.* To some Negroes police have come to symbolize white power, white racism and white repression. And the fact is that many police do reflect and express these white attitudes. The atmosphere of hostility and cynicism is reinforced by a widespread belief among Negroes in the existence of police brutality and in a "double standard" of justice and protection—one for Negroes and one for whites.

* * *

To this point, we have attempted to identify the prime components of the "explosive mixture." In the chapters that follow we seek to analyze them in the perspective of history. Their meaning, however, is clear:

In the summer of 1967, we have seen in our cities a chain reaction of racial violence. If we are heedless, none of us shall escape the consequences.

Chapter 5—Rejection and Protest: An Historical Sketch

The causes of recent racial disorders are embedded in a tangle of issues and circumstances—social, economic, political and psychological—which arise out of the historic pattern of Negro-white relations in America.

In this chapter we trace the pattern, identify the recurrent themes of Negro protest and, most importantly, provide a perspective on the protest activities of the present era.

We describe the Negro's experience in America and the development of slavery as an institution. We show his persistent striving for equality in the face of rigidly maintained social, economic and educational barriers, and repeated mob violence. We portray the ebb and flow of the doctrinal tides—accommodation, separatism, and self-help—and their relationship to the current theme of Black Power. We conclude:

The Black Power advocates of today consciously feel that they are the most militant group in the Negro protest movement. Yet

they have retreated from a direct confrontation with American society on the issue of integration and, by preaching separatism, unconsciously function as an accommodation to white racism. Much of their economic program, as well as their interest in Negro history, self-help, racial solidarity and separation, is reminiscent of Booker T. Washington. The rhetoric is different, but the ideas are remarkably similar.

Chapter 6—The Formation Of the Racial Ghettos¹

Throughout the 20th century the Negro population of the United States has been moving steadily from rural areas to urban and from South to North and West. In 1910, 91 percent of the nation's 9.8 million Negroes lived in the South and only 27 percent of American Negroes lived in cities of 2,500 persons or more. Between 1910 and 1966 the total Negro population more than doubled, reaching 21.5 million, and the number living in metropolitan areas rose more than five-fold (from 2.6 million to 14.8 million). The number outside the South rose eleven-fold (from 880,000 to 9.7 million).

Negro migration from the South has resulted from the expectation of thousands of new and highly paid jobs for unskilled workers in the North and the shift to mechanized farming in the South. However, the Negro migration is small when compared to earlier waves of European immigrants. Even between 1960 and 1966, there were 1.8 million immigrants from abroad compared to the 613,000 Negroes who arrived in the North and West from the South.

As a result of the growing number of Negroes in urban areas, natural increase has replaced migration as the primary source of Negro population increase in the cities. Nevertheless, Negro migration from the South will continue unless economic conditions there change dramatically.

Basic data concerning Negro urbanization trends indicate that:

- Almost all Negro population growth (98 percent from 1950 to 1966) is occurring within metropolitan areas, primarily within central cities.²
- The vast majority of white population growth (78 percent from 1960 to 1966) is occurring in suburban portions of metropolitan areas. Since 1960, white central-city population has declined by 1.3 million.

¹ The term "ghetto" as used in this report refers to an area within a city characterized by poverty and acute social disorganization, and inhabited by members of a racial or ethnic group under conditions of involuntary segregation.

² A "central city" is the largest city of a standard metropolitan statistical area, that is, a metropolitan area containing at least one city of 50,000 or more inhabitants.

- As a result, central cities are becoming more heavily Negro while the suburban fringes around them remain almost entirely white.
- The twelve largest central cities now contain over two-thirds of the Negro population outside the South, and one-third of the Negro total in the United States.

Within the cities, Negroes have been excluded from white residential areas through discriminatory practices. Just as significant is the withdrawal of white families from, or their refusal to enter, neighborhoods where Negroes are moving or already residing. About 20 percent of the urban population of the United States changes residence every year. The refusal of whites to move into "changing" areas when vacancies occur means that most vacancies eventually are occupied by Negroes.

The result, according to a recent study, is that in 1960 the average segregation index for 207 of the largest United States cities was 86.2. In other words, to create an unsegregated population distribution, an average of over 86 percent of all Negroes would have to change their place of residence within the city.

Chapter 7—Unemployment, Family Structure, and Social Disorganization

Although there have been gains in Negro income nationally, and a decline in the number of Negroes below the "poverty level," the condition of Negroes in the central city remains in a state of crisis. Between 2 and 2.5 million Negroes—16 to 20 percent of the total Negro population of all central cities—live in squalor and deprivation in ghetto neighborhoods.

Employment is a key problem. It not only controls the present for the Negro American but, in a most profound way, it is creating the future as well. Yet, despite continuing economic growth and declining national unemployment rates, the unemployment rate for Negroes in 1967 was more than double that for whites.

Equally important is the undesirable nature of many jobs open to Negroes and other minorities. Negro men are more than three times as likely as white men to be in low-paying, unskilled or service jobs. This concentration of male Negro employment at the lowest end of the occupational scale is the single most important cause of poverty among Negroes.

In one study of low-income neighborhoods, the "subemployment rate," including both unemployment and underemployment, was about 33 percent, or 8.8 times greater than the overall unemployment rate for all United States workers.

Employment problems, aggravated by the constant arrival of new unemployed migrants, many of them from depressed

rural areas, create persistent poverty in the ghetto. In 1966, about 11.9 percent of the nation's whites and 40.6 percent of its nonwhites were below the "poverty level" defined by the Social Security Administration (in 1966, \$3,335 per year for an urban family of four). Over 40 percent of the nonwhites below the poverty level live in the central cities.

Employment problems have drastic social impact in the ghetto. Men who are chronically unemployed or employed in the lowest status jobs are often unable or unwilling to remain with their families. The handicap imposed on children growing up without fathers in an atmosphere of poverty and deprivation is increased as mothers are forced to work to provide support.

The culture of poverty that results from unemployment and family breakup generates a system of ruthless, exploitative relationships within the ghetto. Prostitution, dope addiction, and crime create an environmental "jungle" characterized by personal insecurity and tension. Children growing up under such conditions are likely participants in civil disorder.

Chapter 8—Conditions of Life In the Racial Ghetto

A striking difference in environment from that of white, middle-class Americans profoundly influences the lives of residents of the ghetto.

Crime rates, consistently higher than in other areas, create a pronounced sense of insecurity. For example, in one city one low-income Negro district had 35 times as many serious crimes against persons as a high-income white district. Unless drastic steps are taken, the crime problems in poverty areas are likely to continue to multiply as the growing youth and rapid urbanization of the population outstrip police resources.

Poor health and sanitation conditions in the ghetto result in higher mortality rates, a higher incidence of major diseases, and lower availability and utilization of medical services. The infant mortality rate for nonwhite babies under the age of one month is 58 percent higher than for whites; for one to 12 months it is almost three times as high. The level of sanitation in the ghetto is far below that in high income areas. Garbage collection is often inadequate. Of an estimated 14,000 cases of rat bite in the United States in 1965, most were in ghetto neighborhoods.

Ghetto residents believe they are exploited by local merchants; and evidence substantiates some of these beliefs. A study conducted in one city by the Federal Trade Commission showed that higher prices were charged for goods sold in ghetto stores than in other areas.

Lack of knowledge regarding credit purchasing creates special pitfalls for the disadvantaged. In many states garnishment practices compound these difficulties by allowing creditors to deprive individuals of their wages without hearing or trial.

Chapter 9—Comparing the Immigrant and Negro Experience

In this chapter, we address ourselves to a fundamental question that many white Americans are asking: why have so many Negroes, unlike the European immigrants, been unable to escape from the ghetto and from poverty. We believe the following factors play a part:

- *The Maturing Economy:* When the European immigrants arrived, they gained an economic foothold by providing the unskilled labor needed by industry. Unlike the immigrant, the Negro migrant found little opportunity in the city. The economy, by then matured, had little use for the unskilled labor he had to offer.
- *The Disability of Race:* The structure of discrimination has stringently narrowed opportunities for the Negro and restricted his prospects. European immigrants suffered from discrimination, but never so pervasively.
- *Entry into the Political System:* The immigrants usually settled in rapidly growing cities with powerful and expanding political machines, which traded economic advantages for political support. Ward-level grievance machinery, as well as personal representation, enabled the immigrant to make his voice heard and his power felt.
By the time the Negro arrived, these political machines were no longer so powerful or so well equipped to provide jobs or other favors, and in many cases were unwilling to share their influence with Negroes.
- *Cultural Factors:* Coming from societies with a low standard of living and at a time when job aspirations were low, the immigrants sensed little deprivation in being forced to take the less desirable and poorer-paying jobs. Their large and cohesive families contributed to total income. Their vision of the future—one that led to a life outside of the ghetto—provided the incentive necessary to endure the present.

Although Negro men worked as hard as the immigrants, they were unable to support their families. The entrepreneurial opportunities had vanished. As a result of slavery and long periods of unemployment, the Negro family structure had become matriarchal; the males played a secondary and marginal family role—one which offered little compensation for their hard and unrewarding labor. Above all, segregation denied Negroes access to good jobs and the opportunity to leave the ghetto. For them, the future seemed to lead only to a dead end.

Today, whites tend to exaggerate how well and quickly they escaped from poverty. The fact is that immigrants who came from rural backgrounds, as many Negroes do, are only now,

after three generations, finally beginning to move into the middle class.

By contrast, Negroes began concentrating in the city less than two generations ago, and under much less favorable conditions. Although some Negroes have escaped poverty, few have been able to escape the urban ghetto.

PART III—WHAT CAN BE DONE?

Chapter 10—The Community Response

Our investigation of the 1967 riot cities establishes that virtually every major episode of violence was foreshadowed by an accumulation of unresolved grievances and by widespread dissatisfaction among Negroes with the unwillingness or inability of local government to respond.

Overcoming these conditions is essential for community support of law enforcement and civil order. City governments need new and more vital channels of communication to the residents of the ghetto; they need to improve their capacity to respond effectively to community needs before they become community grievances; and they need to provide opportunity for meaningful involvement of ghetto residents in shaping policies and programs which affect the community.

The Commission recommends that local governments:

- Develop Neighborhood Action Task Forces as joint community-government efforts through which more effective communication can be achieved, and the delivery of city services to ghetto residents improved.
- Establish comprehensive grievance-response mechanisms in order to bring all public agencies under public scrutiny.
- Bring the institutions of local government closer to the people they serve by establishing neighborhood outlets for local, state and federal administrative and public service agencies.
- Expand opportunities for ghetto residents to participate in the formulation of public policy and the implementation of programs affecting them through improved political representation, creation of institutional channels for community action, expansion of legal services, and legislative hearings on ghetto problems.

In this effort, city governments will require state and federal support.

The Commission recommends:

- State and federal financial assistance for mayors and city councils to support the research, consultants, staff and other resources needed to respond effectively to federal program initiatives.

- **State cooperation in providing municipalities with the jurisdictional tools needed to deal with their problems; a fuller measure of financial aid to urban areas; and the focusing of the interests of suburban communities on the physical, social and cultural environment of the central city.**

Chapter 11—Police and the Community

The abrasive relationship between the police and the minority communities has been a major—and explosive—source of grievance, tension and disorder. The blame must be shared by the total society.

The police are faced with demands for increased protection and service in the ghetto. Yet the aggressive patrol practices thought necessary to meet these demands themselves create tension and hostility. The resulting grievances have been further aggravated by the lack of effective mechanisms for handling complaints against the police. Special programs for bettering police-community relations have been instituted, but these alone are not enough. Police administrators, with the guidance of public officials, and the support of the entire community, must take vigorous action to improve law enforcement and to decrease the potential for disorder.

The Commission recommends that city government and police authorities:

- Review police operations in the ghetto to ensure proper conduct by police officers, and eliminate abrasive practices.
- Provide more adequate police protection to ghetto residents to eliminate their high sense of insecurity, and the belief in the existence of a dual standard of law enforcement.
- Establish fair and effective mechanisms for the redress of grievances against the police, and other municipal employees.
- Develop and adopt policy guidelines to assist officers in making critical decisions in areas where police conduct can create tension.
- Develop and use innovative programs to ensure widespread community support for law enforcement.
- Recruit more Negroes into the regular police force, and review promotion policies to ensure fair promotion for Negro officers.
- Establish a "Community Service Officer" program to attract ghetto youths between the ages of 17 and 21 to police work. These junior officers would perform duties in ghetto neighborhoods, but would not have full police authority. The federal government should provide support equal to 90 percent of the costs of employing CSOs on the basis of one for every ten regular officers.

Chapter 12—Control of Disorder

Preserving civil peace is the first responsibility of government. Unless the rule of law prevails, our society will lack

not only order but also the environment essential to social and economic progress.

The maintenance of civil order cannot be left to the police alone. The police need guidance, as well as support, from mayors and other public officials. It is the responsibility of public officials to determine proper police policies, support adequate police standards for personnel and performance, and participate in planning for the control of disorders.

To maintain control of incidents which could lead to disorders, the Commission recommends that local officials:

- Assign seasoned, well-trained policemen and supervisory officers to patrol ghetto areas, and to respond to disturbances.
- Develop plans which will quickly muster maximum police manpower and highly qualified senior commanders at the outbreak of disorders.
- Provide special training in the prevention of disorders, and prepare police for riot control and for operation in units, with adequate command and control and field communication for proper discipline and effectiveness.
- Develop guidelines governing the use of control equipment and provide alternatives to the use of lethal weapons. Federal support for research in this area is needed.
- Establish an intelligence system to provide police and other public officials with reliable information that may help to prevent the outbreak of a disorder and to institute effective control measures in the event a riot erupts.
- Develop continuing contacts with ghetto residents to make use of the forces for order which exist within the community.
- Establish machinery for neutralizing rumors, and enabling Negro leaders and residents to obtain the facts. Create special rumor details to collect, evaluate, and dispel rumors that may lead to a civil disorder.

The Commission believes there is a grave danger that some communities may resort to the indiscriminate and excessive use of force. The harmful effects of overreaction are incalculable. The Commission condemns moves to equip police departments with mass destruction weapons, such as automatic rifles, machine guns and tanks. Weapons which are designed to destroy, not to control, have no place in densely populated urban communities.

The Commission recommends that the federal government share in the financing of programs for improvement of police forces, both in their normal law enforcement activities as well as in their response to civil disorders.

To assist government authorities in planning their response to civil disorder, this report contains a Supplement on Control

of Disorder. It deals with specific problems encountered during riot-control operations, and includes:

- Assessment of the present capabilities of police, National Guard and Army forces to control major riots, and recommendations for improvement;
- Recommended means by which the control operations of those forces may be coordinated with the response of other agencies, such as fire departments, and with the community at large;
- Recommendations for review and revision of federal, state and local laws needed to provide the framework for control efforts and for the call-up and interrelated action of public safety forces.

Chapter 13—The Administration of Justice Under Emergency Conditions

In many of the cities which experienced disorders last summer, there were recurring breakdowns in the mechanisms for processing, prosecuting and protecting arrested persons. These resulted mainly from long-standing structural deficiencies in criminal court systems, and from the failure of communities to anticipate and plan for the emergency demands of civil disorders.

In part, because of this, there were few successful prosecutions for serious crimes committed during the riots. In those cities where mass arrests occurred many arrestees were deprived of basic legal rights.

The Commission recommends that the cities and states:

- Undertake reform of the lower courts so as to improve the quality of justice rendered under normal conditions.
- Plan comprehensive measures by which the criminal justice system may be supplemented during civil disorders so that its deliberative functions are protected, and the quality of justice is maintained.

Such emergency plans require broad community participation and dedicated leadership by the bench and bar. They should include:

- Laws sufficient to deter and punish riot conduct.
- Additional judges, bail and probation officers, and clerical staff.
- Arrangements for volunteer lawyers to help prosecutors and to represent riot defendants at every stage of proceedings.
- Policies to ensure proper and individual bail, arraignment, pre-trial, trial and sentencing proceedings.
- Adequate emergency processing and detention facilities.

Chapter 14—Damages: Repair and Compensation

The Commission recommends that the federal government:

- Amend the Federal Disaster Act—which now applies only to natural disasters—to permit federal emergency food and medical assistance to cities during major civil disorders, and provide long-term economic assistance afterwards.
- With the cooperation of the states, create incentives for the private insurance industry to provide more adequate property-insurance coverage in inner-city areas.

The Commission endorses the report of the National Advisory Panel on Insurance in Riot-Affected Areas: "Meeting the Insurance Crisis of our Cities."

Chapter 15—The News Media and the Disorders

In his charge to the Commission, the President asked: "What effect do the mass media have on the riots?"

The Commission determined that the answer to the President's question did not lie solely in the performance of the press and broadcasters in reporting the riots. Our analysis had to consider also the overall treatment by the media of the Negro ghettos, community relations, racial attitudes, and poverty—day by day and month by month, year in and year out.

A wide range of interviews with government officials, law enforcement authorities, media personnel and other citizens, including ghetto residents, as well as a quantitative analysis of riot coverage and a special conference with industry representatives, leads us to conclude that:

- Despite instances of sensationalism, inaccuracy and distortion, newspapers, radio and television tried on the whole to give a balanced, factual account of the 1967 disorders.
- Elements of the news media failed to portray accurately the scale and character of the violence that occurred last summer. The overall effect was, we believe, an exaggeration of both mood and event.
- Important segments of the media failed to report adequately on the causes and consequences of civil disorders and on the underlying problems of race relations. They have not communicated to the majority of their audience—which is white—a sense of the degradation, misery and hopelessness of life in the ghetto.

These failings must be corrected, and the improvement must come from within the industry. Freedom of the press is not the issue. Any effort to impose governmental restrictions would be inconsistent with fundamental constitutional precepts.

We have seen evidence that the news media are becoming aware of and concerned about their performance in this field. As that concern grows, coverage will improve. But much more must be done, and it must be done soon.

The Commission recommends that the media:

- Expand coverage of the Negro community and of race problems through permanent assignment of reporters familiar with urban and racial affairs, and through establishment of more and better links with the Negro community.
- Integrate Negroes and Negro activities into all aspects of coverage and content, including newspaper articles and television programming. The news media must publish newspapers and produce programs that recognize the existence and activities of Negroes as a group within the community and as a part of the larger community.
- Recruit more Negroes into journalism and broadcasting and promote those who are qualified to positions of significant responsibility. Recruitment should begin in high schools and continue through college; where necessary, aid for training should be provided.
- Improve coordination with police in reporting riot news through advance planning, and cooperate with the police in the designation of police information officers, establishment of information centers, and development of mutually acceptable guidelines for riot reporting and the conduct of media personnel.
- Accelerate efforts to ensure accurate and responsible reporting of riot and racial news, through adoption by all news gathering organizations of stringent internal staff guidelines.
- Cooperate in the establishment of a privately organized and funded Institute of Urban Communications to train and educate journalists in urban affairs, recruit and train more Negro journalists, develop methods for improving police-press relations, review coverage of riots and racial issues, and support continuing research in the urban field.

Chapter 16—The Future of the Cities

By 1985, the Negro population in central cities is expected to increase by 68 percent to approximately 20.3 million. Coupled with the continued exodus of white families to the suburbs, this growth will produce majority Negro populations—in many of the nation's largest cities.

The future of these cities, and of their burgeoning Negro populations, is grim. Most new employment opportunities are being created in suburbs and outlying areas. This trend will continue unless important changes in public policy are made.

In prospect, therefore, is further deterioration of already inadequate municipal tax bases in the face of increasing demands for public services, and continuing unemployment and poverty among the urban Negro population:

Three choices are open to the nation:

- We can maintain present policies, continuing both the proportion of the nation's resources now allocated to programs for the unemployed and the disadvantaged, and the inadequate and failing effort to achieve an integrated society.
- We can adopt a policy of "enrichment" aimed at improving dramatically the quality of ghetto life while abandoning integration as a goal.
- We can pursue integration by combining ghetto "enrichment" with policies which will encourage Negro movement out of central city areas.

The first choice, continuance of present policies, has ominous consequences for our society. The share of the nation's resources now allocated to programs for the disadvantaged is insufficient to arrest the deterioration of life in central city ghettos. Under such conditions, a rising proportion of Negroes may come to see in the deprivation and segregation they experience, a justification for violent protest, or for extending support to now isolated extremists who advocate civil disruption. Large-scale and continuing violence could result, followed by white retaliation, and, ultimately, the separation of the two communities in a garrison state.

Even if violence does not occur, the consequences are unacceptable. Development of a racially integrated society, extraordinarily difficult today, will be virtually impossible when the present black central city population of 12.1 million has grown to almost 21 million.

To continue present policies is to make permanent the division of our country into two societies; one, largely Negro and poor, located in the central cities; the other, predominantly white and affluent, located in the suburbs and in outlying areas.

The second choice, ghetto enrichment coupled with abandonment of integration, is also unacceptable. It is another way of choosing a permanently divided country. Moreover, equality cannot be achieved under conditions of nearly complete separation. In a country where the economy, and particularly the resources of employment, are predominantly white, a policy of separation can only relegate Negroes to a permanently inferior economic status.

We believe that the only possible choice for America is the third—a policy which combines ghetto enrichment with programs designed to encourage integration of substantial numbers of Negroes into the society outside the ghetto.

Enrichment must be an important adjunct to integration, for no matter how ambitious or energetic the program, few Negroes now living in central cities can be quickly integrated.

In the meantime, large-scale improvement in the quality of ghetto life is essential.

But this can be no more than an interim strategy. Programs must be developed which will permit substantial Negro movement out of the ghettos. The primary goal must be a single society, in which every citizen will be free to live and work according to his capabilities and desires, not his color.

Chapter 17—Recommendations For National Action

INTRODUCTION

No American—white or black—can escape the consequences of the continuing social and economic decay of our major cities.

Only a commitment to national action on an unprecedented scale can shape a future compatible with the historic ideals of American society.

The great productivity of our economy, and a federal revenue system which is highly responsive to economic growth, can provide the resources.

The major need is to generate new will—the will to tax ourselves to the extent necessary to meet the vital needs of the nation.

We have set forth goals and proposed strategies to reach those goals. We discuss and recommend programs not to commit each of us to specific parts of such programs but to illustrate the type and dimension of action needed.

The major goal is the creation of a true union—a single society and a single American identity. Toward that goal, we propose the following objectives for national action:

- Opening up opportunities to those who are restricted by racial segregation and discrimination, and eliminating all barriers to their choice of jobs, education and housing.
- Removing the frustration of powerlessness among the disadvantaged by providing the means for them to deal with the problems that affect their own lives and by increasing the capacity of our public and private institutions to respond to these problems.
- Increasing communication across racial lines to destroy stereotypes, to halt polarization, end distrust and hostility, and create common ground for efforts toward public order and social justice.

We propose these aims to fulfill our pledge of equality and to meet the fundamental needs of a democratic and civilized society—domestic peace and social justice.

EMPLOYMENT

Pervasive unemployment and underemployment are the most persistent and serious grievances in minority areas. They are inextricably linked to the problem of civil disorder.

Despite growing federal expenditures for manpower development and training programs, and sustained general economic prosperity and increasing demands for skilled workers, about two million—white and nonwhite—are permanently unemployed. About ten million are underemployed, of whom 6.5 million work full time for wages below the poverty line.

The 500,000 "hard-core" unemployed in the central cities who lack a basic education and are unable to hold a steady job are made up in large part of Negro males between the ages of 18 and 25. In the riot cities which we surveyed, Negroes were three times as likely as whites to hold unskilled jobs, which are often part time, seasonal, low-paying and "dead end."

Negro males between the ages of 15 and 25 predominated among the rioters. More than 20 percent of the rioters were unemployed, and many who were employed held intermittent, low status, unskilled jobs which they regarded as below their education and ability.

The Commission recommends that the federal government:

- Undertake joint efforts with cities and states to consolidate existing manpower programs to avoid fragmentation and duplication.
- Take immediate action to create 2,000,000 new jobs over the next three years—one million in the public sector and one million in the private sector—to absorb the hard-core unemployed and materially reduce the level of underemployment for all workers, black and white. We propose 250,000 public sector and 300,000 private sector jobs in the first year.
- Provide on-the-job training by both public and private employers with reimbursement to private employers for the extra costs of training the hard-core unemployed, by contract or by tax credits.
- Provide tax and other incentives to investment in rural as well as urban poverty areas in order to offer to the rural poor an alternative to migration to urban centers.
- Take new and vigorous action to remove artificial barriers to employment and promotion, including not only racial discrimination but, in certain cases, arrest records or lack of a high school diploma. Strengthen those agencies such as the Equal Employment Opportunity Commission, charged with eliminating discriminatory practices, and provide full support for Title VI of the 1964 Civil Rights Act allowing federal grant-in-aid funds to be withheld from activities which discriminate on grounds of color or race.

The Commission commends the recent public commitment of the National Council of the Building and Construction Trades Unions, AFL-CIO, to encourage and recruit Negro membership in apprenticeship programs. This commitment should be intensified and implemented.

EDUCATION

Education in a democratic society must equip children to develop their potential and to participate fully in American life. For the community at large, the schools have discharged this responsibility well. But for many minorities, and particularly for the children of the ghetto, the schools have failed to provide the educational experience which could overcome the effects of discrimination and deprivation.

This failure is one of the persistent sources of grievance and resentment within the Negro community. The hostility of Negro parents and students toward the school system is generating increasing conflict and causing disruption within many city school districts. But the most dramatic evidence of the relationship between educational practices and civil disorders lies in the high incidence of riot participation by ghetto youth who have not completed high school.

The bleak record of public education for ghetto children is growing worse. In the critical skills—verbal and reading ability—Negro students are falling further behind whites with each year of school completed. The high unemployment and underemployment rate for Negro youth is evidence, in part, of the growing educational crisis.

We support integration as the priority education strategy; it is essential to the future of American society. In this last summer's disorders we have seen the consequences of racial isolation at all levels, and of attitudes toward race, on both sides, produced by three centuries of myth, ignorance and bias. It is indispensable that opportunities for interaction between the races be expanded.

We recognize that the growing dominance of pupils from disadvantaged minorities in city school populations will not soon be reversed. No matter how great the effort toward desegregation, many children of the ghetto will not, within their school careers, attend integrated schools.

If existing disadvantages are not to be perpetuated, we must drastically improve the quality of ghetto education. Equality of results with all-white schools must be the goal.

To implement these strategies, the Commission recommends:

- Sharply increased efforts to eliminate de facto segregation in our

schools through substantial federal aid to school systems seeking to desegregate either within the system or in cooperation with neighboring school systems.

- Elimination of racial discrimination in Northern as well as Southern schools by vigorous application of Title VI of the Civil Rights Act of 1964.
- Extension of quality early childhood education to every disadvantaged child in the country.
- Efforts to improve dramatically schools serving disadvantaged children through substantial federal funding of year-round compensatory education programs, improved teaching, and expanded experimentation and research.
- Elimination of illiteracy through greater federal support for adult basic education.
- Enlarged opportunities for parent and community participation in the public schools.
- Reoriented vocational education emphasizing work-experience training and the involvement of business and industry.
- Expanded opportunities for higher education through increased federal assistance to disadvantaged students.
- Revision of state aid formulas to assure more per student aid to districts having a high proportion of disadvantaged school-age children.

THE WELFARE SYSTEM

Our present system of public welfare is designed to save money instead of people, and tragically ends up doing neither. This system has two critical deficiencies:

First, it excludes large numbers of persons who are in great need, and who, if provided a decent level of support, might be able to become more productive and self-sufficient. No federal funds are available for millions of unemployed and underemployed men and women who are needy but neither aged, handicapped nor the parents of minor children.

Second, for those included, the system provides assistance well below the minimum necessary for a decent level of existence, and imposes restrictions that encourage continued dependency on welfare and undermine self-respect.

A welter of statutory requirements and administrative practices and regulations operate to remind recipients that they are considered untrustworthy, promiscuous and lazy. Residence requirements prevent assistance to people in need who are newly arrived in the state. Searches of recipients' homes violate privacy. Inadequate social services compound the problems.

The Commission recommends that the federal government, acting with state and local governments where necessary, reform the existing welfare system to:

- Establish, for recipients in existing welfare categories, uniform

national standards of assistance at least as high as the annual "poverty level" of income, now set by the Social Security Administration at \$3,335 per year for an urban family of four.

- Require that all states receiving federal welfare contributions participate in the Aid to Families with Dependent Children—Unemployed Parents program (AFDC-UP) that permits assistance to families with both father and mother in the home, thus aiding the family while it is still intact.
- Bear a substantially greater portion of all welfare costs—at least 90 percent of total payments.
- Increase incentives for seeking employment and job training, but remove restrictions recently enacted by the Congress that would compel mothers of young children to work.
- Provide more adequate social services through neighborhood centers and family-planning programs.
- Remove the freeze placed by the 1967 welfare amendments on the percentage of children in a state that can be covered by federal assistance.
- Eliminate residence requirements.

As a long-range goal, the Commission recommends that the federal government seek to develop a national system of income supplementation based strictly on need with two broad and basic purposes:

- To provide, for those who can work or who do work, any necessary supplements in such a way as to develop incentives for fuller employment;
- To provide, for those who cannot work and for mothers who decide to remain with their children, a minimum standard of decent living, and to aid in the saving of children from the prison of poverty that has held their parents.

A broad system of supplementation would involve substantially greater federal expenditures than anything now contemplated. The cost will range widely depending on the standard of need accepted as the "basic allowance" to individuals and families, and on the rate at which additional income above this level is taxed. Yet if the deepening cycle of poverty and dependence on welfare can be broken, if the children of the poor can be given the opportunity to scale the wall that now separates them from the rest of society, the return on this investment will be great indeed.

HOUSING

After more than three decades of fragmented and grossly underfunded federal housing programs, nearly six million substandard housing units remain occupied in the United States.

The housing problem is particularly acute in the minority ghettos. Nearly two-thirds of all non-white families living in the central cities today live in neighborhoods marked with substandard housing and general urban blight. Two major factors are responsible.

First: Many ghetto residents simply cannot pay the rent necessary to support decent housing. In Detroit, for example, over 40 percent of the non-white occupied units in 1960 required rent of over 35 percent of the tenants' income.

Second: Discrimination prevents access to many non-slum areas, particularly the suburbs, where good housing exists. In addition, by creating a "back pressure" in the racial ghettos, it makes it possible for landlords to break up apartments for denser occupancy, and keeps prices and rents of deteriorated ghetto housing higher than they would be in a truly free market.

To date, federal programs have been able to do comparatively little to provide housing for the disadvantaged. In the 31-year history of subsidized federal housing, only about 800,000 units have been constructed, with recent production averaging about 50,000 units a year. By comparison, over a period only three years longer, FHA insurance guarantees have made possible the construction of over ten million middle and upper-income units.

Two points are fundamental to the Commission's recommendations:

First: Federal housing programs must be given a new thrust aimed at overcoming the prevailing patterns of racial segregation. If this is not done, those programs will continue to concentrate the most impoverished and dependent segments of the population into the central-city ghettos where there is already a critical gap between the needs of the population and the public resources to deal with them.

Second: The private sector must be brought into the production and financing of low and moderate rental housing to supply the capabilities and capital necessary to meet the housing needs of the nation.

The Commission recommends that the federal government:

- Enact a comprehensive and enforceable federal open housing law to cover the sale or rental of all housing, including single family homes.
- Reorient federal housing programs to place more low and moderate income housing outside of ghetto areas.
- Bring within the reach of low and moderate income families within the next five years six million new and existing units of decent housing, beginning with 600,000 units in the next year.

To reach this goal we recommend:

- Expansion and modification of the rent supplement program to permit use of supplements for existing housing, thus greatly increasing the reach of the program.
- Expansion and modification of the below-market interest rate program to enlarge the interest subsidy to all sponsors and provide interest-free loans to nonprofit sponsors to cover pre-construction costs, and permit sale of projects to nonprofit corporations, cooperatives, or condominiums.
- Creation of an ownership supplement program similar to present rent supplements, to make home ownership possible for low-income families.
- Federal writedown of interest rates on loans to private builders constructing moderate-rent housing.
- Expansion of the public housing program, with emphasis on small units on scattered sites, and leasing and "turnkey" programs.
- Expansion of the Model Cities program.
- Expansion and reorientation of the urban renewal program to give priority to projects directly assisting low-income households to obtain adequate housing.

CONCLUSION

One of the first witnesses to be invited to appear before this Commission was Dr. Kenneth B. Clark, a distinguished and perceptive scholar. Referring to the reports of earlier riot commissions, he said:

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

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

These words come to our minds as we conclude this report.

We have provided an honest beginning. We have learned much. But we have uncovered no startling truths, no unique insights, no simple solutions. The destruction and the bitterness of racial disorder, the harsh polemics of black revolt and white repression have been seen and heard before in this country.

It is time now to end the destruction and the violence, not only in the streets of the ghetto but in the lives of people.

Preface

The summer of 1967 brought racial disorder again to American cities, deepening the bitter residue of fear and threatening the future of all Americans.

We are charged by the President with the responsibility to examine this condition and to speak the truth as we see it. Two fundamental questions confront us:

How can we as a people end the resort to violence while we build a better society?

How can the nation realize the promise of a single society—one nation indivisible—which yet remains unfulfilled?

Violence surely cannot build that society. Disruption and disorder will nourish not justice but repression. Those few who would destroy civil order and the rule of law strike at the freedom of every citizen. They must know that the community cannot and will not tolerate coercion and mob action.

We have worked together these past months with a sense of the greatest urgency. Although much remains that can be learned, we have determined to say now what we have learned. We do this in the hope that the American public will understand the nature and gravity of the problem and that those who have power to act—at all levels of government and in all sections of the community—will listen and respond.

This sense of urgency has led us to consolidate in this single report the interim and final reports called for by the President. To accomplish this, it has been necessary to do without the benefit of some studies still under way which will not be completed for months to come. Certain of these studies—a 15-city survey of Negro and white attitudes, a special survey of attitudes of community leaders, elected officials, administrators and teachers, a report on the application of mediation techniques, and a further analysis of riot arrestees—will be issued later, with other materials, as supplemental reports.

We believe that to wait until mid-summer to present our findings and recommendations may be to forfeit whatever

opportunity exists for this report to affect this year the dangerous climate of tension and apprehension that pervades our cities.

II

Last summer nearly 150 cities reported disorders in Negro—and in some instances, Puerto Rican—neighborhoods. These ranged from minor disturbances to major outbreaks involving sustained and widespread looting and destruction of property. The worst came during a two-week period in July when large-scale disorders erupted first in Newark and then in Detroit, each setting off a chain reaction in neighboring communities.

It was in this troubled and turbulent setting that the President of the United States established this Commission. He called upon it "to guide the country through a thicket of tension, conflicting evidence and extreme opinions."

In his charge, the President framed the Commission's mandate in these words:

"We need to know the answers to three basic questions about these riots:

- What happened?
- Why did it happen?
- What can be done to prevent it from happening again and again?"

The three parts of this report offer answers to these questions.

Part I tells "What happened?" Chapter 1 is a profile of the 1967 disorders told through a narrative of the summer's events in 10 of the 23 cities surveyed by the Commission. Chapter 2 calls on data from all 23 cities to construct an analytical profile. Chapter 3 is the report of the Commission on the issue of conspiracy.

Part II responds to the question "Why did it happen?" Early in our investigation it became clear that the disorders were not the result of contemporary conditions alone; Chapter 5 identifies some of the historical factors that are an essential part of the background of last summer's outbreaks. Chapters 6 through 9 deal with present conditions, examining the impact of ghetto formation, unemployment, and family structures, and conditions of life in the ghettos, and the differences between

the Negro experience and that of other urban immigrant groups.

Part III contains our answer to the question "What can be done?" Our recommendations begin with organizing the community to respond more effectively to ghetto needs and then proceed with police-community relations, control of disorders, the administration of justice under emergency conditions, compensation for property damage, the role of the news media, and national action in the critical areas of employment, education, welfare and housing.

In formulating this report, we have attempted to draw on all relevant sources. During closed hearings held from August through December, we heard over 130 witnesses, including federal, state and local officials, experts from the military establishment and law enforcement agencies, universities and foundations, Negro leaders and representatives of the business community. We personally visited eight cities in which major disturbances had occurred. We met together for 24 days to review and revise the several drafts of our report. Through our staff we also undertook field surveys in 23 cities in which disorders occurred during the summer of 1967, and took sworn testimony in nine of the cities investigated and from Negro leaders and militants across the country. Expert consultants and advisors supplemented the work of our staff in all the areas covered in our report.

III

Much of our report is directed to the condition of those Americans who are also Negroes and to the social and economic environment in which they live—many in the black ghettos of our cities. But this nation is confronted with the issue of justice for all its people—white as well as black, rural as well as urban. In particular, we are concerned for those who have continued to keep faith with society in the preservation of public order—the people of Spanish surname, the American Indian and other minority groups to whom this country owes so much.

We wish it to be clear that in focusing on the Negro, we do not mean to imply any priority of need. It will not do to fight misery in the black ghetto and leave untouched the reality of injustice and deprivation elsewhere in our society. The first priority is order and justice for all Americans.

In speaking of the Negro, we do not speak of "them."

We speak of us—for the freedoms and opportunities of all Americans are diminished and imperiled when they are denied to some Americans. The tragic waste of human spirit and resources, the unrecoverable loss to the nation which this denial has already caused—and continues to produce—no longer can be ignored or afforded.

Two premises underlie the work of the Commission:

- that this nation cannot abide violence and disorder if it is to ensure the safety of its people and their progress in a free society.
- that this nation will deserve neither safety nor progress unless it can demonstrate the wisdom and the will to undertake decisive action against the root causes of racial disorder.

This report is addressed to the institutions of government and to the conscience of the nation, but even more urgently, to the minds and hearts of each citizen. The responsibility for decisive action, never more clearly demanded in the history of our country, rests on all of us.

We do not know whether the tide of racial disorder has begun to recede. We recognize as we must that the conditions underlying the disorders will not be obliterated before the end of this year or the end of the next and that, so long as these conditions exist, a potential for disorder remains. But we believe that the likelihood of disorder can be markedly lessened by an American commitment to confront those conditions and eliminate them—a commitment so clear that Negro citizens will know its truth and accept its goal. The most important step toward domestic peace is an act of will; this country can do for its people what it chooses to do.

The pages that follow set forth our conclusions and the facts upon which they are based. Our plea for civil order and our recommendations for social and economic change are a call to national action. We are aware of the breadth and scope of those recommendations but they neither probe deeper nor demand more than the problems which call them forth.