AMERICA'S URBAN CRISIS: SYMPTOMS, CAUSES, SOLUTIONS

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I. INTRODUCTION

Perhaps the biggest challenge facing America today is the crisis in its cities. The obstacles to success are to some extent economic, given the federal budget deficit. The end of the Cold War, however, offers an unprecedented opportunity to reorder national priorities and address long-unmet domestic needs.

In reality, the obstacles are primarily political and ideological. Federal priorities are shaped by power politics, and cities have become increasingly isolated in national politics. The nation's changing demographics, particularly the growth of the suburbs, also play an important part in shaping national priorities. Today, fewer members of Congress represent only cities. A growing number of districts incorporate cities and nearby suburbs; some have become entirely suburban. Even those members of Congress who represent only cities now have weaker ties to organized voters, with the rise of national political action committees, congressional loyalties have shifted from urban political machines to national corporate campaign contributors. While the nation's major corporations have no single political agenda, powerful sectors within the business community influence government decisions regarding tax, spending, and regulatory policies in ways that undermine healthy cities.

In addition, many Americans believe that even if there were ample money, we would not know what to do with it, or at least could not guarantee that it would be spent wisely or efficiently to solve the nation's urban problems. Many pundits argue, and many Americans believe, that America has tried to save its cities, but that the cities resist being saved. Twenty-five years after the Kerner Commission Report, the condition of America's cities is in many ways worse than ever. From this reality, reinforced by an enormous corporate-sponsored ideological assault on

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government activism (particularly during the 1970s and 1980s), many Americans have concluded that problems such as poverty and crime may be intractable. At the very least, there is considerable public skepticism about the capacity of the federal government to solve the cities' social and economic problems.

In general, public opinion is more supportive of local government than of Washington. In fact, during the past decade, many local governments have developed innovative ways to deliver basic services, improve management. They also have created partnerships with community-based organizations, increased citizen participation in decision-making, and expanded the legal and regulatory tools for addressing issues such as housing, crime, and economic development. Many of the successful efforts to "reinvent" government have occurred at the local level. Efforts of this type are reported regularly in journals such as Governing, but they rarely find their way into the mainstream media.

The fact remains, however, that cities lack the resources to address the problems they confront. Until the nation's political climate is more hospitable to addressing these problems, cities will face continued isolation in national politics. That transformation won't be easy. Cities remain under attack as symbols of the failure of activist government and well-intentioned, but naive, liberalism. The conservative attack on cities is merely a part of a larger privatization agenda to reduce government and discredit public endeavors of economic uplift. Politically, cities suffer from voter backlashes against crime, drugs, illegitimacy, youth violence, minorities, the "undeserving" poor, and government itself. To the critics and cynics, programs such as public housing, Model Cities, Urban Development Action Grants (UDAGs), and welfare represent well-intentioned government gone awry. To an increasingly skeptical public, giving cities more money means handing tax dollars to politically-connected developers (symbolized by the recent HUD scandal), big-city mayors who dole out patronage jobs to loyal constituents or incompetent bureaucrats, poor people who engage in destructive anti-social behavior, or well-meaning do-gooders who run social programs that seem neither to lift the poor out of poverty nor to teach them middle-class values. But there are increasing indications—including the Clinton-Gore victory in November 1992—that the public mood is shifting. This Essay assumes that the political will can be mobilized to address the nation's urban cri-

5. After a month of political posturing and bargaining, the White House and Congress agreed on a $1.3 billion package, including a $500 million summer jobs program for youth and loans and grants to rebuild homes and businesses destroyed in the Los Angeles riots and the April riot in downtown Chicago. See CLIFFORD KRUM, Bush and Congress Reach an Accord on Aid for Cities, N.Y. TIMES, June 18, 1992, at A5, B12.

III. THE URBAN CRISIS

In April 1992, while the largest civil disorder in American history was erupting in Los Angeles, staffers at The Atlantic magazine were editing an article by political analyst William Schneider entitled The Dawn of the Suburban Era in American Politics. The confluence of these two events reflects the dilemma of America's urban crisis, in ways not discussed in Schneider's article, however, it also suggests solutions.

At a meeting the previous August, the nation's mayors discussed the idea for a "save our cities" march in Washington to be held in the midst of the presidential election. The mayors got a variety of unions, public interest groups, church organizations, and other groups to agree to co-sponsor the march, which they set for May 6. Only a few weeks before the scheduled event, the march was attracting little interest from presidential candidates or the media. But the L.A. riots erupted a week before the scheduled march, which guaranteed a significant turnout—over 150,000 people—and reasonable media coverage.

Indeed, for a few weeks following the Los Angeles riots, America's urban crisis was a hot topic. It was the subject of congressional debate, discussed on television talk shows, and featured in newsmagazine cover stories. Sociologists and other urban experts expounded their theories about underlying causes and remedies. In the midst of a heated race for the White House, President Bush and his Democratic rival visited Los Angeles and other cities to demonstrate their concern. Once the journalists left Los Angeles, however, Congress passed a meager quick-fix emergency urban aid package, the candidates for President turned their attention to other issues, and the plight of America's cities returned to political obscurity.
In his Atlantic cover story, timed to coincide with the two parties’ nominating conventions, Schneider noted that the 1992 election would be the first in which suburbanites represented a majority of voters, echoing the view expressed in Thomas and Mary Edsall’s popular book, Chain Reaction, published a year earlier. In their book, the Edsalls argue that “[s]uburbanization has permitted whites to satisfy liberal ideals revolving around activist government, while keeping to a minimum the number of blacks and the poor who share in government largesse.” They concluded that “the nation is moving steadily toward a national politics that will be dominated by the suburban vote” and that “a politics of suburban hegemony will come to characterize presidential elections.” Schneider also argued that changing demographics are moving American politics away from cities. We have begun a “suburban century” in American politics, Schneider wrote, in which candidates for national office, and for a majority of congressional seats, can ignore urban America without paying a political price.

Schneider noted that in 1960 the nation was divided about equally between urban, rural, and suburban residents. By 1990, the urban population had declined to 31.3%, the rural population had fallen to 22.5%, and the suburban population had grown to 46.2%, nearly half of the nation. Given suburbanites’ higher rate of voter participation, they now account for a majority of voters.

The Edsalls’ book and Schneider’s essay helped frame media coverage of the 1992 elections, including the presidential campaign. Reporters and columnists spilled a lot of ink describing the race for the White House as a contest for the “swing” suburban vote, especially the disaffected working-class and middle-class “Reagan Democrats.” Suburbanites even seemed to have an impact on the candidates’ strategies. Unfortunately, Schneider’s view reflects what has become the conventional wisdom among a growing number of political analysts, journalists, office holders, and social scientists—and what threatens to become a self-fulfilling prophecy.

On September 1, 1991, following an interview with three big-city mayors on NBC’s “Meet the Press,” panelist David Broder, the influential Washington Post political columnist, said:

I think it’s very unlikely [that urban affairs will be a central issue in the Presidential campaign]. There is nobody who is really city-based who is in the race at this point. And I think the focus will be on who can swing the suburban vote. Politically, that’s where the numbers are now.

Bob Herbert of the New York Daily News, another panelist, agreed, observing:

Not only are the cities in trouble, the cities are in trouble for a long time to come. I think the fact that the urban agenda is not going to be a big campaign issue in ’92 by either party is proof that the cities have been abandoned. Neither party sees any value in making that part of their campaign.

The truth, however, is that during the entire postwar period, cities have only had a major voice in national politics either when business leaders wanted to improve the commercial climate of downtowns or when disenfranchised people disrupted business as usual with protests or riots. When urban mayors and political machines helped deliver the vote for Presidents and congressional candidates, they had greater access than they do now. But the proof of urban clout is in the way federal policies help or hurt cities, and, as described below, most federal policies during the entire postwar era—housing, transportation, defense, and others—have promoted the suburbanization of residents and businesses. For many years, political observers had opined that Americans fled to the suburbs to escape urban problems. In reality, their move to the suburbs was subsidized by a host of federal policies. Federal aid to cities—whether to revitalize downtowns or to help low-income neighborhoods—has served, in effect, to “clean up” the problems created by federally assisted disinvestment.

These demographic changes have significant political repercussions, as the Edsalls and Schneider point out, but they should not be viewed

7. Id. at 228.
8. Id. at 229, 231.
9. Schneider, supra note 2, at 33-44. Schneider had outlined his argument almost a year earlier in Rule Suburban, 23 Nat’l J. 2235, 2235 (Sept. 28, 1991). Even earlier, a USA Today reporter interviewed Schneider about the bankruptcy of Bridgeport, Connecticut. Anticipating what he would write a few months later, Schneider said: “It signifies the abandonment of the American city and the suburbanization of American politics…” Bridgeport could be the beginning of a problem that’s going to spread all over the country.” Bruce Franklin, Connecticut’s Bankruptcy May Be “Dangerous” President, USA TODAY, July 16, 1991, at 3A.
10. A Bush Administration official appeared to confirm Schneider’s view when, soon after the Los Angeles riots, he told the Boston Globe that urban poverty and unemployment among black youth are “not our issue, not our constituency.” Michael Kamenik & Peter O. Geselleb, Black Kids Over Rock Urban Plan, BOSTON GLOBE, May 17, 1992, at 1, 10.
12. Id.
13. Edsall & Edsall, supra note 6, at 228.
back, published the same year, The New Suburbanization: Challenge to the Central City, which identified the changing industrial and occupational composition of central cities and suburbs during the 1970s and 1980s. 18

Following closely on the heels of Edge City, the New York Times sponsored a survey to analyze the changing role of New York City in the metropolitan area. Two headlines reflect its findings: “Region Around New York Sees Ties to City Faltering”, “For Many in the New York Region, The City is Ignored and Irrelevant.” 19

For years, mayors and other urban advocates had warned that cities were ticking time bombs, waiting to explode. When the Los Angeles riots erupted, many hoped that it would catalyze a major national commitment to revitalize the cities—an urban Marshall Plan. Unfortunately, such pleas fell on deaf ears. Although the 1992 Democratic and Republican conventions took place shortly after the L.A. riots, and took place in two troubled cities—New York and Houston, respectively—the problem of urban decay was conspicuously absent from the speeches and the party platforms—as well as from the subsequent campaigns. This fact was not lost on the nation’s urban leaders.

As a result of economic and demographic changes, as well as of media coverage of urban affairs emphasizing the negative aspects of city life, cities have experienced a growing political isolation during the past decade. 20 The strong political coalitions of the New Deal and the Great Society, including the labor movement and big-city mayors, have been shattered. Groups such as the United States Conference of Mayors (USCM) and the National League of Cities wield less clout in Washington lobbying circles today than in the past. The most recent effort to build an urban-centered electoral coalition, the National Rainbow Coalition, was marginalized after the Democrats’ 1988 presidential defeat.

“We’re tired of coming to Washington with a tin cup in our hands,” said Boston Mayor Ray Flynn when he assumed the presidency of the USCM in 1991. The dramatic decline in federal aid to cities during the Reagan-Bush years forced mayors and their urban allies to rethink how


For a discussion of media coverage of the Los Angeles riots, see Steven Diamond, It’s deja Vu All Over Again, new York, June 1, 1992, at 40-43. For a discussion of media coverage of housing problems, see Peter Dreier & Alán DuBer, Housing: The Invisible Crisis, WASH. JOURNALISM REV., May 1991, at 20-24.
to put cities back on the nation’s agenda. They recognize that moral appeals to social justice and human suffering are difficult to sustain, particularly during periods of economic distress among the middle class. A New York Times/CBS national poll conducted the week following the L.A. riots found that 60% of Americans believed the nation was spending “too little” on cities—up from 46% in 1988.21 Urban advocates realize, however, that this sentiment is unlikely to prevail—or translate into policy prescriptions—unless suburbs believe that they, too, have a stake in revitalizing our cities, beyond short-term “riot insurance.” This rethinking has led mayors and urban advocates to emphasize increasingly both the continuing economic importance of cities to metropolitan regions and to the nation in an effort to find common ground between cities and the rest of America.22 This theme was summarized by Boston Mayor Ray Flynn in his 1991 inaugural speech as President of the USCM: “As cities go, so goes America.”

For example, in November 1990, in preparation for the 1992 presidential elections, the mayors of the nation’s largest cities held an Urban Summit in New York City to begin framing a new way to discuss cities.23 Usually such meetings turn into a catalog of fiscal, economic, and social problems. At this meeting, however, the mayors agreed that it was important to emphasize the value of cities as well as their problems. When the mayors issued their statement, they titled it In the National Interest.24 To make their case, the mayor released the results of a national survey, conducted in October 1990, which sought to ascertain how city dwellers and suburbanites perceive cities—specifically the ones in which, or near which, they live—by interviewing respondents who live in or around the nation’s 100 largest cities. The survey found that people living further from cities (broken down by those who live within twenty miles and those who live within twenty-one to sixty miles) have a positive attitude toward their central city. A vast majority of suburbanites are willing to pay higher taxes to provide programs such as housing for the poor (74%), AIDS treatment (72%), AIDS prevention (71%), and public schools (60%). In fact, of the thirteen programs identified in the sur-

23. See Alan Ehrenshik, The Mayors Need to Agree on a Message: Innovation or Degenera-

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vey, only two—middle-income housing (47%) and mass transit (40%)—
received less than majority support. The survey also asked out-of-city residents how they use the city. Among those who live within twenty miles of the nearest big city, 46% of the households have at least one member who works in the city, 67% depend upon that city for major medical services, and 43% have household members who attend, or will soon attend, an institution of higher education based in the city.25

To strengthen their argument, American’s urban leaders (including the National League of Cities and the U.S. Conference of Mayors) sponsored several academic studies to examine the economic ties between cities and suburbs, and between cities and the national economy. One study, looking at population and economic trends in metropolitan areas, found that declining cities lead to declining suburbs, while growing cities correlated with growing suburbs.26 Another study demonstrated that those metropolitan regions with the widest disparities between city and suburbs achieved the lowest rates of economic growth and prosperity.27 This finding corroborates the belief of 46% of suburban homeowners (in the Goldberg survey) that a long-term economic decline in the city would reduce the market value of their property.

The USCM report, Does America Need Cities?, sponsored in collaboration with the Economic Policy Institute, directly confronted the analysis of cities as economically obsolete.28 It labelled as tragically wrong the notion that a majority of Americans can live in suburban and rural prosperity while the center of our metropolitan areas deyay. Now that the United States no longer dominates the global economy and is currently engaged in fierce global competition, the nation as a whole cannot afford the burden of large numbers of unemployed and underemployed people in the inner cities. Further, the report argued, because urban decay spreads from inner cities to inner ring suburbs to outlying areas, investment in cities will yield the greatest return for improving the nation’s economy.

Although this “common ground” approach is partially rooted in the cities’ political weakness and their resulting need to adopt an “if-you-can’t-beat-em-join-em” strategy, it also arises from the very real ties be-

25. ARTHUR S. GOLDBERG, AMERICANS AND THEIR CITIES: SOLITITUDE AND SUPPORT, IN IN THE NATIONAL INTEREST, supra note 24, at 37, 37-45.
26. HEINRICH ET AL., TOWARDS A HARMONY, supra note 4, at 44.
28. JOSEPH PERKINS ET AL., DOES AMERICA NEED CITIES? AN URBAN INVESTMENT STRATEGY FOR NATIONAL PROSPERITY (1991). For the sake of full disclosure, the reader should know that the author was involved in designing this report.
In this context, cities will have to build political (rather than governance) coalitions with suburbs, particularly at the federal level, based on their common destinies. From this perspective, no serious effort to revitalize America's struggling economy can succeed without paying attention to the cities. The urban crisis, although its symptoms are particularly concentrated in our cities, is really a national problem. The problems facing cities and their residents are a major drain on our nation's productivity. Most of the nation's underproductive workforce and infrastructure is located in cities. Unless they can become part of the solution rather than the problem, they will continue to handicap America's efforts to compete successfully in a fast-changing global economy.

Whether this reality is translated into public policy remains to be seen. During the 1992 presidential campaign the candidates' basic strategy was to focus on the suburban vote. Having captured the Democratic nomination by June, Clinton attended the USCM's June conference and agreed to adopt some of the group's recommendations, including a public works initiative that linked improving cities with national economic growth. Although Clinton campaigned in many inner city neighborhoods, and although the Democrats launched a small-scale voter registration drive in inner cities, the Clinton campaign continued to define the key battleground as the suburbs.

Nonetheless, there were signs that the "common ground" message was taking root. Twice in May, with the L.A. riot embers still smoldering, Bill Clinton campaigned in the Republican California suburbs of Orange and San Diego counties, linking the problems of suburbanites with those of the inner cities. Post-election analysts concluded that while Clinton won a majority of the urban vote (in a three-way race that included independent candidate Ross Perot, a Texas businessman who captured 19% of the popular vote), including large margins in low-income and minority neighborhoods, the key to Clinton's victory was his success in the 1960s background memo prepared for a seminar on metropolitan governance, John F. Kennedy School of Government, Harvard University, July 1991; see also Sarah Bartlett, Cooperation Truayy is Signed to Bolster Regional Economy, N.Y. Times, Oct. 8, 1991, at A1 (describing an agreement between New York, Connecticut, and New Jersey); see also Katherine Barrett & Richard Greene, The Nuam democracy: Why America's Richest State Has Three of the Country's Poorest Cities, Exp. World., Feb. 18, 1992, at 50-51 (explaining that Connecticut's tax structure has led to a polarization of the classes).


30. Richard C. Hartman, Academies Look at Regional Governance (summary of discussion at above-mentioned seminar; on file with author). Arnold Howitt, Metropolitan Government...
in capturing (or making gains over earlier Democratic candidates) the suburban vote, particularly in the inner-ring suburbs.33

During his first few months in office, Clinton proposed an economic recovery package that included a significant increase in federal assistance to cities, appointed a strong urban advocate (former San Antonio Mayor Henry Cisneros) to head HUD, and met several times with the nation's leading mayors to discuss their problems and agenda. But the nation's urban crisis is still far from the top of the country's agenda. Until we engage in a serious rethinking of how to discuss the role of America's cities in our political and economic life, the problems of urban America will continue to grow at our social fabric.

III. SYMPTOMS

No other major industrial nation has allowed its cities to face the type of fiscal and social troubles—such as the concentration of poverty confronting America's cities. Other nations do not permit the level of sheer destitution and decay found in America's cities. We see the consequences of inattention every day: growing poverty, homelessness, violent crime, and infant mortality; widening racial and economic segregation; crumbling infrastructure; and deepening fiscal traumas.

A. Poverty and Declining Living Standards

During the 1980s, the rich got richer, the middle class saw their living standards decline, and more Americans suffered in poverty. The dramatic increase in poverty was concentrated in the cities.34


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In that decade, junk-bond junkies, merger maniacs, and savings and loan speculators rode roughshod over the American economy. Corporate CEOs paid themselves large salaries and bonuses, while laying off workers and cutting unions. The Reagan-Bush White House cut taxes for the wealthy, theorizing that the wealthy would invest their money so that the benefit’s would “trickle down” to the middle class and the poor. Federal funds available for domestic problem solving were reduced significantly.

While the wealthiest Americans prospered, most families did not benefit from the decade’s growth. The richest 1% of the population received 60% of the economic growth. Their average pre-tax family income swelled from $315,000 in 1977 to $560,000 in 1989. By the end of the decade, according to the Wall Street Journal, the 2.5 million Americans at the top of the income scale were taking in as much each year as the 100 million people at the bottom.

Between 1980 and 1989, average hourly wages fell more than 9%. Hourly benefits—such as pensions, health insurance, and paid time off—fell by 13.8%. The vast majority of workers saw their wages and their spending power decline. American families worked more hours and weeks. For middle-class families, only the addition of another income—typically a working wife—kept their overall household income steady. At the same time, the bottom 40% of families had actual declines in household income.

In 1991, 14.2% of all Americans—and 21.8% of all children—lived below the official poverty line. The number of poor Americans—55.7 million—represents the most poor people since 1964. The poverty rate was 11.6% in 1980, 12.8% in 1989, and 14.2% in 1991. The number of poor increased by 4.2 million between 1989 and 1991 alone. During the past three decades, thanks to federal social policies, poverty among the elderly has declined dramatically, while poverty among young families has increased.

But poverty is actually much worse than official figures show. According to Patricia Ruggles of the Urban Institute, the government’s official poverty line ($13,924 for a family of four) is based on out-of-date standards (originally calculated in the early 1960s) and “does not reflect

a realistic minimum level of living.\textsuperscript{35} Using Ruggles’s updated standards, the poverty rate would climb to over 23%, while more than 50 million Americans—and one of every three children—would be considered poor.

In addition to an increase in the overall number of poor Americans, the poor are now poorer, and they are poorer for a longer period of time, than a decade earlier. During the 1980s and early 1990s, the poor also got a smaller share of the nation’s income: In 1979 the poorest 20% of the population had 5.1% of the country’s pre-tax income; by 1991, their share fell to 3.8% of the total.

Most poor Americans are white, but the poverty rate among blacks (32.7%), Hispanics (28.7%), and Asians (13.8%), is higher than the rate among whites (11.3%). During 1989-91, however, poverty increased among every race and in every region of the country. More than 60% of poor blacks, 59% of poor Hispanics, and 34% of poor whites live in central cities.

In fact, the poor are increasingly concentrated in America’s cities. Using the official poverty standards, the percentage of poor people living in cities increased from 30% in 1968 to 43.1% in 1989. Nationwide, about one-fifth (19%) of central city residents are poor, but in some cities, the figures are much higher.\textsuperscript{36} The poverty rates among children in major cities are even more dramatic.\textsuperscript{37}

During the past decade, much attention was paid to the so-called “urban underclass”—poor people who live in “ghetto” neighborhoods (where at least 40% of the population is poor). Some observers believe that this concentration of poverty exacerbates the problems associated with being poor: high rates of crime, dependency on welfare, slum housing, drug use, chronic unemployment, and other problems. But while much attention was paid to “ghetto” neighborhoods, most of the urban poor do not live in such areas. In 1980, for example, there were 2.4 million poor people living in ghettos.\textsuperscript{38}

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\textsuperscript{36} For example, about one-third of the entire population in Detroit, New Orleans, Camden, and Miami, and over one-quarter of the population in Philadelphia, Chicago, Lawrence (Mass.), Hartford, Atlanta, Newark, Buffalo, Cleveland, St. Louis, Youngstown, El Paso, Provo, and New York lives in poverty.
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\textsuperscript{37} The poverty rates for children in the following cities are: New Orleans (38.7%), Baltimore (32.5%), New York (31.8%), Memphis (31.6%), Detroit (31.5%), Cleveland (31.3%), Boston (30.9%), Chicago (30.8%), and Philadelphia (30.6%).
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Between 1970 and 1989, the income of households in the bottom quartile dropped from $10,080 to $7,558 (in constant 1991 dollars). Meanwhile, supply of low-rent apartments (affordable to bottom-quartile households paying no more than 30% of income for rent) declined from 5.8 million units to only 2.8 million units. By 1989, there were 4.1 million more poor households than low-rent apartments. More than 60% of poor renters pay at least 70% of their meager income for housing.41 The number of poor households living in overcrowded apartments—doubled or tripling-up—has increased. With no income cushion to fall back on, millions of families are one missed rent check away from eviction—and on the brink of homelessness.

C. Infant Mortality

In the shadow of some of the world’s most sophisticated medical centers, infants in many urban neighborhoods die at rates comparable to Third World countries. The nation’s infant mortality rate in 1989 was ten infant deaths per 1000 live births. Thus the United States ranks twentieth in the world, behind much poorer countries such as Singapore, Hong Kong, Spain, and Ireland. The rate of infant mortality in most American cities, however, is significantly higher than the national rate. In Washington, D.C., for example, in 1989 there were 22.9 infant deaths per 1000 live births.42 Among blacks, the infant mortality rate is 18 deaths per 1000 live births. This, too, compares unfavorably with many poorer countries; in fact, thirty nations—including Hungary, Poland, and Cuba—have lower rates. Black children in cities are even more vulnerable.43 These dramatically high rates are linked to the results of poverty: Poor pre-natal nutrition among low-income mothers which leads to low birth-weight babies and lack of access to nutritional and medical care, such as immunizations.

D. Violent Crime

In 1991 alone, 26,250 people were murdered in the United States, an increase of 21% in five years, according to the National Center for Health Statistics (NCHS).44 This is the highest murder rate of any major nation. Many cities saw new homicide records that year, but local officials expect that the trend will continue upward despite the fact that the demographic group with the most offenders (teenage males) is declining as a percentage of the population.

The rising murder rate reflects a growing epidemic of violence in the United States, particularly in its cities. According to the National Crime Survey (NCS), 5.8 million violent crime offenses occurred in the United States during 1989, including 135,410 rapes, 1.1 million robberies, and 4.6 million assaults. According to the NCS, however, only 45% of violent crime offenses are reported to the police. Approximately 5% of all households nationwide had a member who experienced one or more violent crimes.

America has the highest crime rate in the industrialized world. A murderer is committed every twenty-five minutes, a rape every six minutes, a burglary every ten seconds, and a larceny every four seconds. About three-quarters of Americans age twelve and over will be assaulted in their lifetime, and a third of them will be robbed. Two of every five Americans will be injured in an assault or robbery. Eight percent of American women will be raped.

While these statistics are frightening, causing many Americans to live in fear, the likelihood that a person will be a victim of a crime varies dramatically depending on where he or she lives. Although the media and some politicians play to the fears of middle-class suburbanites (such as George Bush’s “Wille Horton” advertisements in the 1988 campaign), the reality is that inner-city residents are the most frequent victims of violent crime.

People who live in cities, particularly large cities, are more likely to be victims of violent crime (40.6 offenses per 1000 residents) than suburbanites (26 per 1000) or rural dwellers (21.1 per 1000). Poor people are

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41. Edward B. Lazere et al., San Francisco-Oakland California, A Place To Call Home, The Crisis in Housing for the Poor at 80 (1990).
42. Figures for other cities include the following: Detroit (21.1 per 1000), Philadelphia (17.6 per 1000), Chicago (17.0 per 1000), Memphis (16.7 per 1000), and Cleveland (16.3 per 1000).
43. This is suggested by black infant mortality rates in the following cities: Washington (22.8 per 1000), Detroit (23.9 per 1000), Los Angeles (23.9 per 1000), Chicago (22.4 per 1000), Indianapolis (23.8 per 1000), Columbus (21.1 per 1000), Phoenix (21.0 per 1000), San Diego (20.3 per 1000), and Cleveland (20.6 per 1000).
at higher risk of experiencing violent crime than others. Blacks are more likely than whites to be victims of a violent crime. Overall, 44% of blacks, 3.9% of Hispanics, and 3.4% of whites were victims of violent crime in 1989. Violent crimes typically involve members of the same race. In 1990, 72% of violent crimes committed against whites were committed by other whites, while 84% of violent crimes committed against blacks were committed by other blacks.

Murder is the nation's tenth leading killer. It is the leading cause of death among black teenagers. A study of eighty urban areas found that from 1987 to 1989, more than one out of every thousand black males aged fifteen to nineteen was murdered. In some cities, including Washington, D.C., Los Angeles, Detroit, and Jacksonville, the rate was double the national average. Although blacks represent only twelve percent of the nation's population, they comprise half of all murder victims. In fact, blacks are six times more likely than whites to be murdered. The rate of homicide among teenagers in suburbs (5 per 100,000) is substantially lower than in large cities (28 per 100,000).

Almost two-thirds of all murders (64%) involve firearms, especially handguns. In a recent survey in five cities, 28% of inner-city high school males said they had been threatened with a gun; 17% have actually been shot at. Emergency rooms at inner-city hospitals report a growing number of patients hurt by gunfire. A study at King Drew Medical Center in Los Angeles found that in 1985 only 19% of its patients suffered from gunshot wounds. By 1991, that figure grew to 51%.

The rising violence in American society is linked to the epidemic of drugs. In Washington, D.C., for example, the rate of homicides identified as drug-related increased from 21% in 1985 to 80% in 1988. Many poor inner-city residents turn to crime to pay for their drug use. But some studies suggest that, while much of the drug sales take place in America's ghettos, much of the drug use takes place elsewhere. A Rand Corporation survey in 1985 found that only 22.8% of cocaine users in the Washington, D.C., area actually lived in the city; most (77.2%) users live in the Virginia and Maryland suburbs. The inner-city services, in effect, as a drug supermarket—the wholesalers and consumers live elsewhere, but the "street traffic" among retail drug dealers takes place in cities, where competition for the market generates violent crime. Law enforcement officials focus their efforts on inner-city drug dealing, rather than white buyers in suburban communities.

The United States has the highest rate of incarceration in the world—ten times more prisoners per capita than Japan or any Western European nation. More than 1.2 million inmates were held in the nation's prisons in 1991—more than double the figure in 1980.
nationally all-white neighborhoods. In the largest 50 metropolitan areas, 37% of blacks live in all-black neighborhoods. In most major American cities, more than 70% of the population would have to move to achieve proportional integration.

The 1980s witnessed a growing gap between the black poor and the black middle class. Many middle-class blacks moved out of urban ghettos. However, most did not relocate to integrated neighborhoods; instead they moved to segregated middle-class neighborhoods within cities or in adjacent suburbs. Hispanics experienced the same trends, as did Asians, but to a lesser extent.

F. Crumbling Infrastructure

Periodically, when a major bridge collapses, a dam or sewer system bursts, or a train derails—causing death or costing huge sums to repair—media attention and political debate is drawn temporarily to the problems of America's crumbling infrastructure.

America is sitting on a fragile foundation. Its roads, bridges, mass transit, airports, ports and waterways, sewers, wastewater treatment facilities, and solid waste disposal facilities are out-of-date and in disrepair. In most metropolitan areas, traffic is gridlocked. Congestion and flight delays at most airports are now the rule, not the exception. The U.S. also lags far behind other industrial nations in creating a modern, high-speed rail system. During the past decade, several major reports examined the nation's capital investment needs; the estimates ranged from $37.8 billion to $140.5 billion per year.

Without a strong infrastructure, neither people nor goods can be moved efficiently. Capital plants must be maintained and, over time, rebuilt. In older areas with deteriorating facilities, and in newer areas with rapid population growth, new facilities must be built. Except for highways, most urban infrastructure systems—transit, water, sewer—are a century old and far beyond their useful lives. Boston has lead in its pipes. New York City's century-old water mains regularly give out at key intersections. Los Angeles's old waste landfills are ruined by toxic waste. In New York State alone, 68% of its bridges (11,808 out of 17,313) are either structurally deficient or functionally obsolete—that is, inadequate for current traffic.


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America's 83,000 local governments are responsible for managing and maintaining over 70% of the nation's public works facilities. Three-quarters of the 250 million trips made by Americans each day are made in metropolitan areas, over 80% of these trips are made in private cars. The public transit systems in many cities—which millions of people, especially the poor, rely on—are physically deteriorating, but consumers cannot afford major fare increases to pay for repairs and replacement. Cities lack the resources to build and repair their crumbling infrastructure, undermining the economies of their regions and the country. Despite this problem, federal grants to state and local governments for public works projects have declined dramatically. In the 1980s, non-military public investment in the U.S. fell to 2.4% of GNP—half of the 1970s rate, and one-quarter of that during the 1950s and 1960s.

According to the Economic Policy Institute (EPI), a major public works investment will boost the private economy and overall economic prosperity. EPI found that a dollar spent today on public infrastructure produces from two to five times more payoff in GNP growth than a dollar spent on tax cuts or deficit reduction.

G. Fiscal Trauma

Cities, trapped by rising costs, shrinking resources, and insurmountable burdens, are now confronting fiscal calamity. Many cities face bankruptcy and are operating under severe austerity budgets. In the past few years, Bridgeport, Connecticut, East St. Louis, Illinois, and Chelsea, Massachusetts plunged into bankruptcy. A number of other cities, including Philadelphia and New York, teeter on the edge of insolvency.

To avert fiscal collapse, many cities have closed schools, hospitals, health centers, police stations, and fire stations. They have laid off essential employees and reduced basic services, such as maintaining parks, repairing roads, and enforcing housing and health codes. A 1992 survey of 630 municipalities found that 3.9% were running deficits, 39.5% had cut work forces, and 61.2% reduced their capital investments.

A number of factors contribute to this deepening fiscal crisis: City residents, who are increasingly poor, cannot pay sufficient taxes, but they require more services. Further, most cities are responsible for providing services not only to residents, but also to commuters and tourists, neither of whom pay taxes. Meanwhile, the cost of providing public services has increased. Beginning in the 1980s, three phenomena—homelessness,
crack cocaine, and AIDS—placed additional burdens on city services. These trends were exacerbated by both the federal and state government's dramatic cuts in fiscal assistance to local governments.

Many states impose restrictions on cities' ability to raise revenues. Even if cities were allowed greater leeway, however, they would be caught in a fiscal Catch-22. Poor residents cannot afford to pay higher taxes or fees, but city officials fear that imposing higher taxes on affluent residents or business would induce them to leave, aggravating the fiscal crisis.

In America's Ailing Cities, Helen Ladd and John Yinger conclude that "[a]lthough the financial difficulties of these cities may be exacerbated by policies or management practices . . . [t]he policy tools available to city officials are weak compared to the impact on city finances of national economic, social, and fiscal trends." 50

IV. ROOT CAUSES

The plight of America's cities will not be solved without addressing the root causes of urban decline. These include five major trends and federal policies that have undermined the economic, social, and political health of cities.

A. Corporate Flight and Economic Restructuring

The electronics revolution has hastened the development of a global economy and footloose multinational corporations. Since the early 1970s, there has been a tremendous flight of previously high-wage (primarily manufacturing) industries from U.S. cities to locations with more "favorable" business conditions—low wages, weak or nonexistent unions, and lax environmental laws—found mainly in suburbs, rural areas, and Third World countries. 51 The U.S. government promoted this flight with national tax policies that encouraged business to relocate to new sites (rather than modernizing and expanding their plants and equipment).


51. For example, the percentage of overall employment in manufacturing in major cities declined dramatically between 1953 and 1970 and again between 1970 and 1986. The respective figures for 1953, 1970, and 1986, respectively, in the following cities are: New York City, 35.9%, 25.8%, 14.8%; Philadelphia, 45.1%, 33.3%, 16.7%; Boston, 28.4%, 18.2%, 9.0%; Baltimore, 26.1%, 28.4%, 17.1%; St. Louis, 44.9%, 25.3%, 23.0%; Atlanta, 27.4%, 19.4%, 12.6%; Houston, 26.8%, 23.1%, 14.0%; Denver, 24.7%, 19.0%, 11.3%; and San Francisco, 20.3%, 14.7%, 9.4%. See John D. Kasarda, Structural Factors Affecting the Location and Timing of Urban Underclass Growth, 11 URB. GEOGRAPHY 214, 224-64 (1980) (dissecting the demographic and economic conditions underlying the differential rise of urban poverty in northern cities).

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in cities) and with foreign policies that propped up Third World governments that suppress dissent.

According to demographer John Kasarda:

The largest cities of the North spawned our industrial revolution in the later 19th and early 20th centuries, generating massive numbers of blue-collar jobs that served to attract and economically upgrade millions of disadvantaged migrants.

More recently, these same cities were instrumental in transforming the U.S. economy from goods processing to basic services (during the 1950s and 1960s) and from a basic service economy to one of information processing and administrative control (during the 1970s and 1980s). 52

In the process, many blue-collar jobs that once constituted the economic backbone of cities and provided the employment opportunities for their poorly educated residents have either vanished or moved. These jobs have been replaced, at least in part, by knowledge-intensive white-collar jobs with educational requirements that exclude many with substandard educations. 53 Since 1980, the Fortune 500 industrial companies have eliminated 3.9 million employees from their payrolls. Between 1978 and 1992 alone, Los Angeles lost about 70,000 high-paying manufacturing jobs, much of it concentrated in the predominantly black neighborhoods of south central L.A. Firms like General Motors and Bethlehem Steel relocated or closed their plants. Textile sweatshops, employing undocumented immigrants at below minimum wages, represent the only growth in Los Angeles's manufacturing sector. At the same time, in Los Angeles and other metropolitan areas, employment growth areas emerged in outsourcing suburban areas, especially in the light manufacturing, high technology, and retail services sectors.

In a global economy, cities have little control over local economic conditions, but in the absence of any federal effort to help cities, American cities have to compete with each other for tax revenue. This has led to an unhealthy bidding war to attract private capital investment, allowing multinational firms to pit cities against cities, states against states, and even the U.S. against other countries to bring jobs and tax base revenue. In many cases, local efforts to improve the local "business climate" often mean lowering wages, health and safety standards, and environ-


53. See Kasarda, Collision Course, supra note 52, at 313.
mental safeguards. During the 1970s and 1980s, some cities sought to revitalize their downtowns with new office buildings, medical and educational complexes, hotels, urban shopping malls, convention centers, and sports complexes. For example, in 1970 only fifteen cities could have handled a trade show for 20,000 people; by the late 1980s, some 150 cities could do so.

To cope with disinvestment and fiscal crises, many city development officials became “entrepreneurs,” competing with other cities for corporate investments. Some cities sought to lure businesses with tax breaks and other subsidies (such as the $100 million tax abatements granted Trump Tower in New York). Many economists claim that the bidding war has gone too far. They view these incentives and subsidies as unnecessary giveaways; private investment, they argue, would have taken place anyway. One expert observed: “Corporations are playing cities like a piano. They understand the tune. But the cities don’t.” But many city officials view these subsidies as important ammunition in the competitive war for new business and jobs. (This debate continues today over the effectiveness of urban “enterprise zones” for attracting jobs and businesses to inner cities.)

Of course, many cities could not compete on an equal footing—due to the lack of either good locations or adequate resources. Cities were not equally successful in making the economic transition from producing goods to producing information. Many cities tried, without much success, to retain existing blue-collar jobs, or to lure new developers, tourists, and jobs. According to Bernard Frieden, “most large northeastern and midwestern cities lost manufacturing jobs faster than they gained white-collar ones.”


59. See Bill Turque et al., Where the Food Isn’t: Supermarkets Have Fled the Inner Cities, Leaving the Poor in Pay More for Less, NEWSWEEK, Feb. 26, 1992, at 36.

60. See NEW CHICAGO REPORT, supra note 34.

difficulty inner-city residents have finding a job many miles from home and the difficulty they have reaching such a job once they find it.\(^{62}\)

Some argue that the key factor is not workers' inadequate skills or education, but the overall labor market and, in the case of minorities, discrimination. Some suggest that in a tight job market with low unemployment, even unskilled workers have better job prospects. Between 1958-60 and 1968-70, the overall unemployment rate fell from 6% to 4%, and the unemployment rate among black high school dropouts fell from 16% to 9%. By 1978-80, overall unemployment rose to 6%; unemployment among black high school dropouts rose to 21%. Among white high school dropouts it increased from 5% to 11%.\(^{63}\) During the mid-1980s, the Boston area experienced an economic boom, with overall unemployment below 3% by 1985. Black unemployment that year was down to 3.6%.

But as the American economy restructuring—in terms of the types, earnings, and locations of jobs—central city residents without appropriate skills suffer, even when overall unemployment is relatively low. The educational requirements of most jobs are growing. Therefore, even though the number of young people completing high school is growing among all races,\(^{64}\) the opportunities for those who do not complete high school (or who complete high school without acquiring the necessary skills) are declining. Between 1973 and 1989, the annual incomes of low-skilled white men in their twenties fell by 14%; for blacks, 24%. Incomes for white male high school dropouts in their twenties fell by 33%; for blacks, 50%.

B. Suburban Exodus

Since World War II, the United States has witnessed one of the most dramatic population shifts in its history—the movement of America from cities to suburbs. Suburbanization is actually part of a larger trend, reflected in three interrelated demographic shifts: from the Snowbelt (the older industrial regions of the North and Midwest) to the Sunbelt

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63. JENKES, supra note 52, at 125.

64. In 1970, 44% of blacks and 22% of whites in their early twenties had not completed high school. By 1985, the figures were 19% for blacks and 13% for whites. Id. at 128.
east), while smaller metropolitan areas grew more slowly or, like Youngstown, Utica, Dubuque, Duluth, or Wheeling, declined. The thirty-nine metropolitan areas with a population of over one million comprise over half (50.1%) of the nation's population. In 1950, there were only fourteen metropolitan areas with as many as one million residents, accounting for under thirty percent of the U.S. population. Of these thirty-nine largest metropolitan areas, only five (Detroit, Cleveland, Pittsburgh, New Orleans, and Buffalo) experienced overall population decline during the 1980s.

Since the turn of the century, while metropolitan areas grew as a proportion of the nation's overall population, the suburban share of the metro population has grown steadily. This process accelerated beginning with the 1950s. In 1950, cities accounted for 32.8% of the nation's population; suburbs, 33.3%. By 1960, cities still had a small margin over the suburbs, 32.8% to 30.9%; but by 1970, the suburbs (37.6%) had surpassed the cities (31.4%). By 1980, cities had 30% of the nation's population, compared with 44.8% for suburbs. By 1990, the cities had 31.3%, while the suburbs had 46.1%.66

Since the 1960s, and especially in the past decade, most older industrial cities lost population. During the past three decades, St. Louis lost nearly half its population; Detroit lost more than one-third; Boston, Atlanta, Philadelphia, and New Orleans lost more than one-fifth. At the same time, Sunbelt cities like Houston, Miami, Phoenix, and Los Angeles increased in population.

In every region of the country—even where city populations are increasing—the fastest-growing parts of the metropolitan areas are the surrounding suburbs.67 Los Angeles, for example, grew by 17.4%, while its suburbs grew by 29.5%; Baltimore lost 6.4% of its population while its suburbs grew by 16.5%. During the 1980s, only four of the thirty-nine metropolitan areas with a population of over one million experienced growth in the major central city at a rate more rapid than the metropolitan area as a whole. One of these was New York City, in the other three (Portland, Columbus, Charlotte), the city's growth was aided by large annexations from the suburbs.

Two things, however, remain constant regardless of region or whether the metropolitan area is growing or declining. First, city populations have gotten poorer. Second, the percentage of minorities in cities

67. See WILSON, supra note 61.

has grown dramatically; in many cities, people of color now comprise the majority of the population.

America's cities now face a shrinking tax base and fiscal traumas. In 1960, the per capita income of cities was 5% greater than their surrounding suburbs. In 1980, the ratio had fallen to 89% below the suburbs; by 1989, to 84%. In some metropolitan areas, the economic disparities between city and suburbs are particularly acute. Newark's per capita income was only 43.1% of its suburbs; Paterson, N.J., 46.6%; Cleveland, 53.4%; Hartford, 53.6%; Detroit, 53.6%; Milwaukee, 62.9%; Gary, 63.4%; Baltimore, 64.3%; Philadelphia, 65.4%; Dayton, 66%; Chicago, 66.3%; Miami, 67.2%; and New York, 67.6%.

As noted earlier, however, these aggregate figures mask the variations among suburban communities.

C. Pentagon Drain

The Pentagon has played a critical role in the flight of business, jobs, and people from cities. During the postwar period, military spending has accounted for the largest part of the federal budget. The Pentagon's decisions to locate military facilities and to grant defense contracts has greatly influenced the growth and decline of geographic areas. It has served as America's de facto "industrial policy," a form of government planning that has shaped dramatically the location of businesses and jobs.

During World War II, the major sites of military manufacturing—shipbuilding, the auto industry (which produced tanks and trucks for war), and aerospace—were in major cities. After the war, those sites began to change due to the influence of Cold War priorities and politics, including the influence of key congressmen in utilizing the "Pentagon pork barrel" to bring jobs to firms and workers in their districts. The multiplier (ripple) effects of Pentagon spending has dramatically changed the population and employment map of the entire country.

In reality, Pentagon spending is highly concentrated geographically. Most military installations are in rural (or once-rural) areas, while the vast majority of production and research dollars are concentrated in a few metropolitan locations. As Markusen and Yudkin write:

Several major metropolitan areas in the nation are also highly dependent upon defense spending, particularly the Los Angeles and Boston areas, the Washington, D.C. area as a defense services center, San Diego as a naval center, and Seattle as a one-
The production of weapons and the undertaking of military research and development has spawned new industries and new fields, but doing so, much of the nation's resources and scientific expertise have been diverted from civilian production and research. Likewise, military production and research and the siting of facilities has helped some areas and drained others. Rather than employing research and development funds to help modernize the nation's basic manufacturing industries, for example the steel and automobile industries, or developing new civilian industries to make the United States more competitive internationally, for example, high speed rail, the Pentagon's priorities helped undermine key industrial sectors and the cities where they were located.

Even in those metropolitan areas that have won the Pentagon sweepstakes, however, the bulk of Pentagon dollars are located in suburbs, not central cities. In 1990 alone, for example, eighteen out of the twenty-five largest cities suffered a total loss of $24 billion in their balance of payments with the Pentagon. In Los Angeles, for example, taxpayers sent $4.74 billion to the Pentagon and received only $1.47 billion back—a net loss of $3.27 billion, or $5000 per family. That translates into almost 100,000 jobs.

A study by Employment Research Associates for the Boston Redevelopment Authority analyzed all of the money coming into each city through military contracts and salaries. It then compared this sum to the amount drained out of the city by federal taxes going to the Pentagon. The sums lost are enormous. New York City loses $8.4 billion a year; Los Angeles, $3.3 billion; Chicago, $3.1 billion; Houston, $1.7 billion; Dallas, $731 million; and Detroit, over $900 million.

The employment impact of this draw-off of funds is equally dramatic. Money going out equals jobs lost. New York loses approximately 250,000 full-time jobs annually. Los Angeles and Chicago each lose about 100,000 jobs; Houston, over 50,000 jobs; Detroit, about 30,000 jobs; and Dallas, 22,000 jobs. The biggest losers have been the nation's industrial heartland, the areas surrounding the Great Lakes.

Refilling (discrimination in mortgage lending) by banks and insurance companies leads to a self-fulfilling prophecy of urban neighborhood decline. Since its enactment in 1977, federal bank regulators have failed to enforce the Community Reinvestment Act, the nation's major anti-refilling law. Under pressure by the banking industry, both the White House and Congress looked the other way while America's banks refilled cities, denying loans to home buyers and small business entrepreneurs, while (thanks to deregulation) engaging in an orgy of speculation that led to the savings and loan crisis.

Studies of local mortgage lending during the past decade have shown consistently that banks provide fewer loans to minority neighborhoods than to white neighborhoods with comparable socio-economic characteristics. This helps account for the low level of homeownership.


71. See Report to the Boston Redevelopment Authority, supra note 70, Greenshine, supra note 70, at A20.

72. Markusen & Yurking, supra note 69, at 173.

73. For example, in September 1992, President Bush, for behind Governor Clinton in the Missouri polls, traveled to St. Louis to announce the sale to Saudi Arabia of F-15 jet fighters, which are manufactured by McDonnell-Douglas, the state's largest employer. The sale was highly questionable on defense and foreign policy grounds, but Bush made little pretense of discussing geopolitics. He emphasized the 5000 local jobs generated by the weapon.


76. See Charles Finn, Mortgage Lending in Boston's Neighborhoods 1981-87 (1990); Ann B. Shlay, Financing Community: Methods for Assessing Residential Credit Disparities, Market Barriers and Institutional Reinvestment Performance in the Metropolis, 11 J. URB.
in minority neighborhoods. Residential redlining is compounded by commercial redlining, making it even more difficult for small businesses to open or expand in inner city areas. For example, Los Angeles County had 1068 supermarkets in 1970, but only 694 in 1990, most of the boarded-up market are in the city's minority areas. There is one supermarket for every 40,646 residents in South Central Los Angeles, compared with one supermarket for every 23,224 residents in the county.78

Prior to 1991, mortgage lending studies looked at disparities by geographic areas. Recent improvements in the federal Home Mortgage Disclosure Act, brought about through pressure from community activists, allowed researchers to look at disparities in mortgage loans to individuals by race, income, and gender. Using 1990 and 1991 data, the Federal Reserve Board looked at the rates at which banks accept and reject mortgage applications from white, black, and Hispanic consumers. The first study examined 5,26 million home loan applications made in 1990 nationwide, and also looked at the data for nineteen metropolitan areas. The study found that banks rejected blacks and Hispanics for home mortgages more than twice as often as whites with similar incomes. The second study, conducted a year later, found the disparities remained the same.79

In October 1992, the Federal Reserve Bank of Boston published the most conclusive study to date demonstrating lending discrimination. It looked at the credit-worthiness of applicants in the Boston area to determine whether differences in rejection rates could be caused by differences in wealth, employment and credit history, debt burdens, or other factors. It found substantial disparities between white and minority applicants, even taking into account these factors.80

The absence of banks in inner city neighborhoods compounds the problem of bank redlining. During the past few decades, banks have disinvested physically as well as economically from America's cities. For example, the riot-torn areas of Los Angeles, home to more than 500,000

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82. For detailed discussion, see MARGERY AUSTIN TURNER ET AL., HOUSING DISCRIMINATION STUDY: ANALYZING RACIAL AND ETHNIC STEERING PRACTICES (1991); MARGERY AUSTIN TURNER ET AL., HOUSING DISCRIMINATION STUDY: SYNTHESIS 23-33 (1991); MARGERY AUSTIN TURNER, DISCRIMINATION IN URBAN HOUSING MARKETS: LESSON FROM FAIR HOUSING AUDIT, 3 HOUSING POLICY DEBATE 183, 185-213 (1992).
Reagan and Bush administrations slashed federal aid to cities, reversing five decades of steady growth in federal urban assistance. The government cut three kinds of programs—direct grants to local governments, loans and grants to private and nonprofit groups for economic development and housing, and programs to help individuals cope with (or lift themselves out of) poverty. In addition, the federal government (and some states) imposed a large number of mandates on cities, costing cities billions of dollars without providing additional funds, further exacerbating local fiscal crises.85

By withdrawing federal funds and increasing federal mandates, Washington was telling local governments to do more with less. Unfortunately, despite popular notions of local government corruption and mismanagement, there was little fat to trim. Washington’s “tend-yourself federalism” simply meant that financially strapped cities had to cut programs and services during a time of growing needs.86

The combined impact of these cuts and mandates has been devastating to local governments’ ability to deliver services and to urban residents’ capacity to cope with poverty and the various health, housing, and other problems associated with poverty. Because the number of poor Americans grew significantly during the past decade, while concentration of the poor in cities increased, cities experienced the most serious repercussions from the cutbacks in programs designed to serve individuals. The recession, which began in 1982, exacerbated the local fiscal crisis by undermining the capacity of local governments to raise revenues from property taxes.

During his administration, President Reagan completely eliminated general revenue sharing, which in 1980 had provided $10.8 billion in direct funds to local governments ($1.75 billion to cities with a population of over 300,000).87 In 1980, federal dollars accounted for 14.3% of city budgets. In 1992, it is less than 5%. During the 1980s, some state governments provided funding to at least part of that gap, but in the late 1980s states began cutting aid to the bone.88 According to one ex-


87. See id.

88. Intergovernmental Relations: Changing Patterns in State-Local Fi-
working-class residents of America's cities are pitted against each other for these shrinking resources. This leads to heightened social and racial tensions. It also makes it more and more difficult for local officials to govern effectively.

V. POLICY SOLUTIONS

Cities on their own cannot solve the problems of poverty or of urban decay. Cities are trapped by boundaries that will not expand and are subject to a national—and increasingly global—economy over which they have no control. For most of the period since World War II, and increasingly over the past twelve years, federal policies have contributed to the decline of the cities. It will require federal policies—with the help of state and local governments and community organizations—to bring cities back.

Thirty years ago, Americans were confident that they could eradicate poverty and urban decay. Unfortunately, many of the programs designed to achieve these goals proved unsuccessful. Many of today's opinion-makers have learned the wrong lessons from the inadequate stop-and-go efforts of the past three decades. They argue that the government has tried and failed. This argument is unpersuasive, however, because most of these efforts were underfunded, misguided, and sought to serve too many goals. The "war on poverty," for example, was never really given a chance. Still, some of the programs that emerged from that period have demonstrated success, despite limited funding and commitment.192 The magnitude of America's economic problems and the urban ills have grown, requiring new ideas and new approaches. Nonetheless, the view promoted by right-wing think tanks and pundits during the Reagan/Bush years—and accepted in part by many others—that the federal government can play no constructive role, or that "nothing can be done" because the problems are so intractable, contradicts much evidence and experience.

The key to revitalizing America's cities is to close the investment gap that lies at the root of America's economic troubles and competitive decline. There are three major components to a federal investment strategy to revitalize cities. First, the government must stimulate national economic growth and create jobs (with the goal of a full-employment economy), focusing major investment in the nation's physical infrastructure. Second, it must improve the nation's human infrastructure and the productivity of its current and future workforce. Third, it must invest in urban neighborhoods to improve the economic, physical, and social conditions of these communities.

While the first two components are not place-specific—not targeted directly to cities—they will have a disproportionate impact on cities, because the nation's crumbling infrastructure, underutilized workforce, and most troubled populations are concentrated there. At the same time, federal policymakers must recognize that rebuilding urban neighborhoods requires direct investment to compensate for decades of disinvestment.

Without getting lost in details, it is possible to outline the broad principles and key elements of each investment strategy.

A. Jobs and Economic Growth

Most economists agree that investing in a jobs-creating program to rebuild the nation's crumbling infrastructure, including public transportation (highways, bridges, aviation facilities), water, waste disposal, and sewer systems, is the most efficient way both to jump-start the economy and promote long-term growth.91 The United States, having fallen far behind Japan and Europe in investing in its infrastructure, does not have a first-class mass transit system; plans to build a high-speed rail in the Boston-Washington corridor are still in the discussion stage.92

In early 1992 the USCM released a report, Ready to Go, identifying over 7200 public works projects currently on hold across the country because cities lack the funds to implement them. Once started, these projects would create 418,400 construction jobs and, calculating the multiplier effects of such investment, over one million jobs within a year.

State and local governments own the bulk of the nation's public infrastructure—38% in the form of highways and streets, 16% as water and sewer systems, and 30% as schools, hospitals, and other buildings. Improvement in public infrastructure generates substantial returns to the private economy, including dramatic increases in GNP and productivity. Moreover, infrastructure located in cities provides substantial benefits throughout the entire metropolitan region. From a cost-benefit perspective, repairing and extending the existing infrastructure yields greater returns than building new facilities in outlying areas.93

Beyond infrastructure, there is a rationale for a broader public jobs initiative, targeted not only to public works, but also to public service.

192. See, e.g., ADOMAT, supra note 48.
193. See Peter H. Stone, The Faster Track: Should We Build a High-Speed Rail System?, AM. PROSPECT, Fall 1992, at 59, 104.
194. See id., supra note 28.
Since the New Deal (with its Works Progress Administration, National Youth Administration, and Civilian Conservation Corps programs), other administrations have used public jobs creation as a countercyclical tool to combat the high unemployment accompanying a recessionary economy, although subsequent efforts paled in scope to the New Deal program. But even in healthy economic times, some areas of the country and some sectors of the population (especially young people) suffer from high unemployment.

Opponents criticize such efforts as "make-work" jobs, but such an initiative can serve several goals: reducing unemployment, replacing welfare with work (thus reducing unemployment insurance and welfare expenditures, while turning underutilized workers into tax-paying workers), and providing needed services. Some recent proposals include a public jobs program as a major component of any comprehensive welfare reform. For example, Senator David Boren (D-Oklahoma) has proposed a Community Works Program Administration designed to create jobs for the unemployed and welfare recipients; a number of model work programs for youth, such as Public/Private Ventures in Pennsylvania and Youth Build (based in Boston, with affiliates in seven other cities), have shown success.

Although major investment in public infrastructure is a valuable first step toward sustained economic growth and job creation, additional steps are required. New sources of capital (particularly pension funds) must be tapped, research and development priorities must be changed to improve the productivity of the civilian economy, particularly in new growth sectors (such as telecommunications), trade, tax, and bank reform policies must encourage private enterprises to invest in productive jobs (as opposed to speculation and mergers) and to remain in the United States.

In the past, getting a job was the solution to poverty. But today, at least one-fifth of all full-time workers receive poverty-level wages. If the poverty standard is updated, as many as 30 million Americans may be counted among the "working poor." Expanding the earned-income tax credit, or increasing the minimum wage (which has fallen far behind in-

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94. Much of this material on job initiatives was drawn from SAR A. LEVITT & FRANK GALLO, SPENDING TO SAVE: EXPANDING EMPLOYMENT OPPORTUNITIES (1991); PETER T. KINBORN, FOR THE URBAN YOUNG: CARPENTRY SKILLS AND HOPE, N.Y. TIMES, June 6, 1992, at A11; and ALAN MURPHY, NEW DEAL'S WP4 AND CCC: ENJOY TENSEST REGAL AS WASHINGTON TACKLES POVERTY AND URBAN DECAY, WALL ST. J., June 1, 1992, at A14.


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flation in the past (twelve years), would address this concern. Equally important, changes in the nation's unfair labor-management laws, which currently impede union organizing efforts, would help increase wages and benefits among poverty-level workers, particularly in the service- and light-manufacturing sectors.

Finally, a plan for economic renewal must confront the question of economic conversion. The end of the Cold War provides both an opportunity for and an obstacle to revitalizing America's cities. Current Pentagon spending levels can be cut by one-third to one-half over the next five years without endangering national security. These funds—over $150 billion a year—could be directed both to deficit reduction and to new priorities, including cities.

Congressional debates on closing military facilities or cutting weapons systems no longer revolve primarily around national security concerns, but around the short-term adverse effects these cuts have on communities, workers, and firms that rely on military spending. The failure of Congress in early 1992 to enact legislation to tear down the budget wall between military and domestic spending reflected this basic dilemma: Even those lawmakers who favor cutting defense spending do not want cuts that will hurt workers, firms, and communities in their home districts. It is unreasonable to expect communities and companies to deal with their economic pain alone, but that is basically what is taking place. Although many in Congress have proposed comprehensive conversion bills, they have gone nowhere. Despite Congress's having appropriated the small sum of $200 million for military "adjustment" in 1990, only half of the dollars were spent by the Department of Defense by 1992.

America now needs a conversion plan to shift resources into improving the civilian economy and meeting social needs, including the improvement of the nation's cities. Such a plan would involve allocating funds for retooling plants and retraining workers, as well as providing income maintenance and job relocation benefits and small business assistance to help subcontractors and supplier firms. The plan should also help local communities adjust to military base closures and major reductions at defense contracting firms and to change R&D priorities.

There is already considerable debate concerning how to carry out a post-Cold War conversion strategy that will minimize short-term pain and maximize the long-term benefits to the nation's economy. An ef-
effective conversion plan by necessity involves elements of national planning and industrial strategy, but it must also incorporate local communities and businesses planning efforts. A federal agency to coordinate conversion planning should be located outside the Pentagon. This agency could coordinate a series of task forces and advisory committees, involving representatives of all parties with a stake in the peace dividend, including urban mayors and community leaders, to advise the President and Congress on a conversion plan.

B. The Workforce: Today and Tomorrow

There is growing recognition that America has fallen far behind its competitors in investing in "human capital"—its current and future workforce. A growing voice within American business is now joining more traditional liberal sectors in calling for expanding the nation's social programs. Both Fortune and Business Week featured post-riot articles calling for a major national investment in human capital—such as job training, health care, child care, and education (from Head Start through post-high school)—to improve the productivity of the workforce. These business publications recognize that the social and economic costs of unemployment, welfare, and an unprepared workforce are a drain on America's competitiveness in the world economy. President Clinton echoed this view during his presidential campaign, constantly repeating the refrain: "We cannot afford to waste anyone."

Economists argue that the United States cannot (and should not) compete with Third World nations to attract low-skill, low-wage jobs. The future of the American economy, they suggest, lies in attracting high-wage, high-skill, high-productivity jobs. Thus, attention must focus on preparing the workforce for the twenty-first century economy. While there is some debate over this formulation—some economists argue that preparing the workforce will not guarantee that good jobs will be created; others observe that the more immediate problem is finding jobs for today's low-skilled youth—there is no controversy over the need to invest more in America's youth and its workforce.

Although the competency skills of American youth in reading, math, and science have improved steadily, they still lag far behind that of America's peers. The 1993 NAEP showed that American 13-year-olds scored below their counterparts in Europe and Japan. The overall high school graduation rate, as well as the rate among inner-city youth, has increased steadily. A high school diploma alone, however, does not guarantee that students have the required learning skills or competencies to succeed in the labor market. Among high school drop-outs, the problem of inability to compete is even worse.

New and expanded initiatives in education and training are needed. Some successful programs during the past decade suggest how this goal can be accomplished. Preschool programs, such as Head Start, have demonstrated substantial success for disadvantaged youth; participants perform better in school and are more likely to graduate high school. But Head Start, funded at $2.2 billion in 1992, currently reaches only one-fourth of the 2.5 million eligible children; a fully-funded program would cost $7.7 billion by 1994.

Even the benefits of preschooling are sometimes undermined by students' school experiences and the other obstacles confronting inner-city youth. Most inner-city schools do not work for their students or the larger society. A school reform program should include the following key elements: Changes in school governance (such as school-based management) and school funding (to narrow disparities between poor and wealthy localities); more parental involvement in active learning (including programs that teach parents to help teach their children); growing use of magnet schools; stronger integration between schools and after-school programs (such as recreation) and community health programs; changes in teacher training and retraining (to emphasize child development as well as pedagogy); changes in expectations toward student performance; and curriculum revisions to address the experiences of inner-city students (including immigrant children).

Successful programs—such as those run by James Comer in New Haven and Deborah Meier in New York City—demonstrate that inner-city schools can be turned around. There is growing recognition, however, that mainstream schools cannot work for all students. At-risk youth—particularly adolescents and young teens from inner-city neighborhoods—need special help addressing questions of self-esteem and making positive "life-choices" in order to avoid falling into the subcul-
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The United States also must revise dramatically the way it prepares youth, particularly urban youth, for the job market. The current major job-training program, the Job Training Partnership Act (JTPA), has not demonstrated much success. Mainstream vocational education programs are not tied to the labor market, especially for noncollege bound youth. Either they train youth for jobs that no longer exist or for dead-end jobs with no potential for mobility. A growing number of companies support inner-city high school apprenticeship programs, but these ad hoc efforts do not add up to a comprehensive approach. America's European competitors place greater emphasis on ongoing training and retraining of noncollege students and adults. School-to-work transition programs must involve public schools, community colleges, and vocational/technical schools. The United States needs greater cooperation between educational institutions and private employers, more private sector involvement for worker education and training, training programs that focus on ready-to-work skills and that anticipate changes in the job market, and clearer performance standards, including a comprehensive system of certification for technical and professional skills.

More intensive residential "youth center" programs, such as the Job Corps and Youth Build, are needed to provide at-risk youth with an alternative to the regular school system. The Jobs Corps program (annual cost: $20,000 per participant) has proven very effective, particularly for at-risk youth, but there are long waiting lists. According to one study, every $1 spent on the Job Corps returns $1.46 in higher taxes and lower welfare, crime, and prison costs. Job Corps graduates have more employment and higher pay than similar youths who do not participate. In the Jobs Corps' immersion approach, young people, especially high school drop-outs, move out of their neighborhoods into special Job Corps centers for an average of eight months, where they learn the discipline of high-performance work, along with special skills instruction and ready-to-work socialization. The Job Corps, which now serves only 60,000 youth a year with a $920 million budget, should be dramatically expanded as part of a nationwide effort to provide at-risk youths with the

100. CONfronting THE NATION'S URBAN CRIsIs, supra note 95, at 12; Ketz, supra note 95, at A14.

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necessary job skills. A similar program, called Youth Build (financed by several major foundations), has been successful in several cities, not only by providing inner-city young people (ages seventeen to twenty-five, mostly high school drop-outs) with job skills, but also by addressing issues of self-esteem and social skills. Several members of Congress have proposed a small federally funded demonstration program based on Youth Build's success. 

Education and training efforts alone will not make America's workforce competitive in the world economy if the population's physical, social, and mental health remain in trouble. Investment in human capital also must involve a national health insurance plan and adequate child care allowances to allow parents real choices about entering the labor force. School breakfast and lunch programs and expanded public health efforts through neighborhood-based community health centers (including immunization for all children) cost relatively little, but have large payoffs.

C. Rebuilding Urban Neighborhoods

National policies that promote economic growth and that invest in people are necessary, but not sufficient, to improve America's cities and its most troubled neighborhoods. Just as a rising tide does not lift all boats, neither does a rising economy lift all troubled low-income neighborhoods, nor does it prevent stable neighborhoods from declining. In the past, federal policies have done more to hurt urban neighborhoods than help them, mostly by subsidizing the exodus of people and jobs. Even many policies specifically created to upgrade inner-city neighborhoods have had mixed results, in part because they were not well designed to achieve specific ends. For example, rebuilding cities requires more than changing a neighborhood's physical conditions—the mistake made by the urban renewal programs of the past. It involves knitting together the economic and social fabric of urban neighborhoods. People live in houses or apartments, but they also live in communities, which provide the economic and social supports that foster individual and family well-being and mitigate against anti-social behavior. People-oriented policies that help individuals lift themselves "up" may also give those individuals opportunities to move "out." Thus, place-specific policies designed to improve low-income neighborhoods require a careful bal-

102. See, e.g., Marshall Kaplan, American Neighborhood Policies: Mixed Results and User-
The programs must assist residents in upgrading physical, economic, and social conditions that make urban neighborhoods attractive to people with many choices, but without displacing or harming the people with few choices.

In the past decade, we have learned a great deal about what works and what does not work. Turning these neighborhoods around requires policies that are place-specific. This includes several elements, discussed in turn below: providing jobs for neighborhood residents; creating a vital neighborhood business district with adequate retail services; creating decent affordable housing, especially homeownership, for residents; promoting public safety so that residents, entrepreneurs, and others feel free from crime and disorder; and fostering strong community institutions through which residents participate in improving their own neighborhoods.

Jobs for neighborhood residents. To bring jobs to inner city neighborhoods, conservative policy analysts and former HUD Secretary Jack Kemp have suggested some version of enterprise zones. These are essentially bribes (tax breaks and exemptions from regulations) to businesses to invest in urban neighborhoods troubled by high rates of poverty and unemployment. Experience so far suggests, however, that these zones simply intensify the bidding wars that already pit cities against each other to attract investment. Many studies also show that most businesses view tax incentives as only a marginal factor in deciding where to locate plants and offices. According to Business Week, "a General Accounting Office study found that infrastructure, low crime rates, and access to labor markets were more important factors in site selection than tax rates."102

Thirty-seven states have sponsored more than 500 enterprise zones. This experience suggests that most of the jobs and businesses will be imported from another city or nearby neighborhood not quite devastated enough to fit the enterprise zone criteria. This zero-sum game—robbing St. Petersburg to pay St. Paul—offers no new jobs and does not reduce the overall unemployment rate. Moreover, the program offers no guarantee that the jobs will pay decent wages or go to inner-city residents.

An effective enterprise zone program should provide businesses with incentives only if they create new jobs in the inner cities and hire inner-city residents.

104. CONFRONTING THE NATION'S URBAN CRISIS, supra note 99, at 17.
car-pooling systems necessary to get to them. In

Creating vital neighborhood business districts. Strong neighborhoods provide most of the services that residents need on a day-to-day basis. Grocery stores, bank branches, clothing stores, pharmacies, and other retail services are critical. Not only are these services convenient for shoppers, but their presence guarantees that residents will meet in the course of their daily routines, reinforcing a sense of community. Such businesses also provide jobs and opportunities for entrepreneurship among local residents.

Many of the same policy tools described in the preceding section have been used to revitalize neighborhood business districts. CDCs and small entrepreneurs have played a major role in these efforts. In addition, policies that encourage private capital and credit toward these geographic areas are essential. Despite lack of enforcement by federal regulators, the Community Reinvestment Act (CRA) has been a successful tool used by local governments and community organizations to attract bank financing, primarily for housing development and homeowner mortgages, and to pressure banks to open branches in inner cities. Commercial loans are as important to neighborhood strength as home mortgages. Congress should expand the CRA to incorporate commercial mortgages as part of the regulators’ evaluation of banks’ lending performances. The Home Mortgage Disclosure Act (HMDA) should also add commercial loans to the data required on all bank reports, which identify where, and to whom, banks have made loans. Further, insurance companies should be added within the CRA’s jurisdiction, given the important role that insurance plays in the success or failure of neighborhood business districts.

Affordable housing. In the past, the federal government has depended primarily on market forces to provide housing to the poor—a strategy that has not worked. As noted above, only 29% of low-income households receive federal housing assistance: 1.36 million live in public housing, 1.65 million live in federally subsidized but privately owned developments, and 1.06 million receive rent certificates to help them find housing in the private marketplace. Rebuilding inner-city neighborhoods requires a variety of tested strategies. First, substandard housing must be upgraded, while new housing must be built to fill in the vacant lots that scar inner-city neighborhoods. The major delivery system for carrying out this objective should be community-based housing development groups. Perhaps the silver lining in the dark cloud of the past decade’s housing crisis has been the emergence of thousands of grassroots, neighborhood-based, nonprofit housing development organizations in inner cities across the nation. Such organizations have patched together resources from local and state governments, foundations, corporations, churches, and other sources to build and rehabilitate housing against enormous odds. Through these increasingly sophisticated efforts, they have been able to leverage significant public and private investment in inner-city neighborhoods. In 1990, Congress passed a small program to encourage the expansion of the nonprofit housing sector; it required cities to set aside at least 15% of the $1.5 billion HOME (housing block grant) program to fund community-based nonprofits. To realize the full potential of this sector, comparable to the successful “third sector” housing program in Canada, this small program should be expanded. Moreover, as in Canada, federally assisted housing should promote economic and social diversity by encouraging mixed-income developments, rather than ghettoizing the poor. Single-family homeownership (such as New York’s church-sponsored Nehemiah program, which builds low-cost homes and provides low-interest mortgages to low-income families) and limited equity cooperative housing developments sponsored by nonprofit agencies are preferable to rental projects. The federal government should also provide special mortgage subsidies to encourage working-class families to purchase and fix up homes in inner-city neighborhoods—a reversal of postwar subsidies that encouraged the middle class to move out of cities.

Second, the government should improve the nation’s existing public services.

housing and federally assisted privately owned developments. This involves giving residents a strong voice in management and, where tenants seek to do so, ownership. This should occur, however, only with adequate physical rehabilitation and ongoing financial assistance to avoid future foreclosures and physical decay. Megahouse projects should be reconceived physically to integrate them into surrounding neighborhoods, such as the successful efforts in Boston’s Commonwealth and Alice Taylor projects. HUD should give residents a strong voice in reforming tenant selection and eviction policies; for example, tenants who “make it” should not be evicted, but allowed to remain, to provide role models and contacts for job opportunities. Eviction policies should make it easier to rid developments of tenants engaged in criminal activities, including drug dealing and use. Finally, residents of subsidized developments should be linked to on-site community support services (job training, child care, health care, substance abuse programs), such as the successful Family Development Center at Baltimore’s Lafayette Court housing project.113

Third, HUD should provide all eligible low-income households with rental vouchers, but require that the program be metropolitan-wide, so that residents can have greater choice and have opportunities to live outside inner cities. Chicago’s successful Gautreaux Program, which provides housing counseling to low-income participants, should be replicated nationwide. Started in the 1970s, the program has allocated over 3800 vouchers for low-income families, half of whom have found apartments in the suburbs. Gautreaux fosters racial and economic integration and deconcentrates poverty. Participants who find suburban apartments are more likely to find jobs; their children are more likely to do well in school.114 A universal rental allowance program would be the most effective strategy for dramatically reducing homelessness; in addition, some provision for community support services for homeless people with additional problems (i.e., substance abuse) would be needed.

Public safety. Community involvement in anti-crime efforts is the most effective strategy for promoting public safety and reducing disorder. This, in turn, helps attract people and jobs to inner cities. Reducing the fear of crime, and the perception of public disorder and chaos, is as important as reducing the crime rate itself. Community-oriented policing—

VI. CONCLUSION

Clearly, any effort to address the nation’s urban crisis must result from serious rethinking about how these problems are framed and should build coalitions of mutual self-interest between cities and suburbs.

The major obstacle to carrying out some version of this urban policy agenda is not economic, but political. The political influence of powerful business interests, and the Pentagon and military contractors, have distorted national priorities. Add to this equation the changing metropolitan demographics, congressional gerrymandering, and the impact of racism, and the prospects for building a national agenda that helps rebuild cities appear difficult. Overcoming these obstacles requires political reforms that will level the playing field and give relatively powerless groups a strong voice in setting national priorities. The two most important reforms needed are changing the nation’s voter registration laws and modifying its campaign finance rules.

Unless urban residents vote, their concerns will be ignored. The United States has the lowest level of voter turnout of any major democracy. Typically, only about half of the eligible electorate votes in a presidential election year and even less in off years. Registration is the major barrier, more than two-thirds of those who are registered actually vote. Poor and minority voters, particularly those in large cities, are the least likely groups to register to vote. Once at the polls, urban voters—particularly the poor and minorities—tend to vote overwhelmingly for Democrats in national elections. The 55% turnout in the 1992 presidential election was the largest in almost thirty years. In the three-way 1992 presidential race, the Clinton-Gore ticket received 53% of the vote in central cities; the margin was higher in the larger cities.

In Canada, when an election is called, a complete national registration is carried out in a matter of weeks by a federal agency called Elections Canada. In national elections over 70% of eligible voters normally go to the polls. In the United States, by contrast, the onus is entirely on the individual to register. A major reason for the low rate of urban voting is the nation’s complex, crazy-quilt voter registration laws. Rules differ from state to state and, often, from community to community. This obstacle could be partly cured with passage of the National Voter Registration Act—the so-called “motor voter” bill sponsored by Senator Wendell Ford, passed by Congress, and vetoed by President Bush in July, 1992. It would significantly increase voter registration by streamlining and improving voter registration efforts, particularly by permitting registration at motor vehicle registries, welfare and unemployment offices, and other sites. With or without this legislation, community groups, unions, churches, and others have to do a better job at mobilizing the poor to vote.117

Even with a more activated electorate, however, the principle of “one person, one vote” is distorted by the power of big money in American politics. It distorts priorities on tax policy, defense spending, bank reform, and other issues, depriving cities and the poor of government assistance. Perhaps the most egregious example is the banking industry’s influence over Congress, leading to industry deregulation during the early 1980s, the S&L crisis, and the massive taxpayer bail-out, still underway.

The average race for United States Senate now costs well over $1 million; House races cost well over $300,000; and presidential campaigns cost over $100 million. Most of these funds are spent on paid media, especially television advertising. Candidates for office and incumbents in office spend so much time raising funds, primarily from wealthy individuals and businesses, that they cannot spend enough time paying attention to other constituents. Big money shapes the kind of legislation Congress passes or does not pass. It even determines who can afford to run for office. At the local level, big money—particularly from real estate, banking, and related business sectors—plays a major role in local politics, where land use issues are often paramount.

Reform of the nation’s campaign finance laws should incorporate the following elements: public financing of elections; free broadcast time to political candidates; strict ceilings on the amounts that candidates for office can raise in an election season; strict ceilings on the amount individuals can donate to candidates; prohibition of campaign contributions from political action committees; and strict limits on “soft money” donations, which serve to end-run campaign finance limits.

The end of the Cold War offers an unprecedented opportunity for America to reorder its priorities and devote its talent and resources to domestic matters, including the rebuilding of our cities. Whether the nation seizes the opportunity, or wastes it, is a question of political will.