

# The Millennium Breach

## The American Dilemma, Richer and Poorer

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

Executive Summary  
Second Edition, 1998



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

"Our nation is moving toward two societies, one black, one white—separate and unequal."

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

Thirty years to the day, on March 1, 1998, the Milton S. Eisenhower Foundation released an update of the Kerner Commission. This is the second edition to the update. The original Commission concentrated on African-Americans and inner cities. To provide continuity, much of this update is similarly focused. At the same time, the report is sensitive to rapidly expanding disparities in income and wealth that are class-based, embraces all inner city minorities in poverty, and respects today's more complex, multicultural diversity—particularly the growing proportions of Hispanics and Asian-Americans in urban areas.

The report tries to answer these questions:

- What happened over the last thirty years? What are the facts on which to build an inner city policy for the new millennium?
- What policy doesn't work?
- What policy works?
- What is the cost of replicating what works to scale and how can it be financed?
- What are the major political obstacles against replicating to scale?
- What is the political feasibility of a policy based on what works?
- What political alliance is needed to generate political will?

## **What Are The Facts?**

The Kerner Commission proposed remedies to racial, spatial and economic disparity. The civil rights movement of the 1960s and early 1970s brought about improvements that helped expand an African-American middle class. (Chapter 1.) It is important to recognize the achievements made possible by the civil rights movement and by the individual struggles of millions of African-Americans. The African-American middle class has expanded, as has African-American entrepreneurship. The proportion of African-Americans with white-collar jobs has risen. There has been an enormous rise in the number of African-American mayors, other elected officials and police chiefs. The high school graduation rate among African-Americans is rising.<sup>1</sup>

Yet in the 1970s, when technological change in the economy increased demand for high skilled and educated workers, jobs for the less skilled and educated became obsolete. The unemployed stayed behind, but more mobile middle class African-Americans left core inner city neighborhoods. Especially during the 1980s, labor market policies to provide training and jobs for the less skilled never materialized. Instead, a conscious policy of urban disinvestment was pursued. In the words of Professor William Julius Wilson and his colleagues at the Kennedy School of Government at Harvard University, "The exodus of working-and middle-class blacks from core inner-city neighborhoods enhanced the concentration effects of joblessness and poverty and removed important economic and social buffers that had softened the impact of macroeconomic changes in these vulnerable communities. During the decades of the 1970s and 1980s, conditions in inner-city ghettos went from bad to worse."<sup>2</sup>

Today, while pundits and leaders talk of full employment, for the first time in the twentieth century most adults in many inner city neighborhoods are not working in a typical week.<sup>3</sup> Former Labor Secretary Ray Marshall estimates the real unemployment rate at about 15 percent, far higher than the official rate.<sup>4</sup> The Center for Community Change in Washington, DC estimates the "jobs gap" to be over 4,400,000 persons needing work. A high proportion (well over two million) are in the inner city.<sup>5</sup>

Since the Kerner Report was issued thirty years ago, there have been other important trends, as discussed in Chapter 2:

- From 1977 to 1988, according to the Congressional Budget Office, the incomes of the richest 1 percent in America increased by 120 percent, and the incomes of the poorest 20 percent in America decreased by 10 percent—all during a time of supply-side tax breaks for the rich and against the poor.<sup>6</sup>
- In the words of conservative analyst Kevin Phillips, this means that "the rich got richer and the poor got poorer." The working class also got poorer. The middle class stayed about the same in absolute terms, so it also lost ground relative to the rich.<sup>7</sup>
- During the 1980s, the U.S. Census shows that child poverty increased by more than 20 percent. Racial minorities suffered disproportionately. Among the littlest children, under 6, the proportion living under poverty rose 12 percent from 1979 to 1996, based on a study by the Columbia University School of Public Health.

- The New York Times* reports that the child poverty rate in the United States now is four times the average of Western European countries.<sup>8</sup>
- In the words of conservative scholar Glenn Loury, citing data from the President's Council of Economic Advisors (emphasis added): "The poverty rate of blacks, at just under a third, is still more than 3 times that of whites. In 1997, the median black family had. . . just three-fifths as much income as the median white family. This family-income ratio was actually a bit lower in 1997 than it had been in 1967. *Contrary to what conservatives claim, the growth in the number of single-parent black families explains only one-fifth of the racial gap in family incomes and poverty rates.*"<sup>9</sup>
  - According to Loury, in 1997 the median African-American family had one-tenth as much wealth at its disposal as the median white family. Based on New York Times accounts, in terms of wealth and income, the U.S. is the most unequal industrialized country in the world, and is growing more unequal faster than any other industrialized country.<sup>10</sup>
  - Twenty years ago, a corporate CEO made 35 times more than the average worker in the United States. Now the CEO's salary is 187 times higher. European and Japanese manufacturing workers now make 25 percent more in hourly wages than their American counterparts. Since the Kerner report, the United States has had the most rapid growth in wage inequality in the Western world.<sup>11</sup>
  - America's neighborhoods and schools are resegregating. According to Professor Gary Orfield and his colleagues at Harvard, two-thirds of African-American students and three-fourths of Hispanic students now attend predominantly minority schools, one-third of each group in intensely segregated schools.<sup>12</sup>
  - In urban public schools in poor neighborhoods, more than two-thirds of children fail to reach even the "basic" level on national tests, according to *Education Week*.<sup>13</sup>
  - In many ways, America's housing policy for the poor and minorities has become prison building. During the 1980s and early 1990s, we tripled the number of prison cells at the same time that we reduced housing appropriations for the poor by more than 80 percent. Only one in four poor families now can get housing.<sup>14</sup>
  - States now spend more per year on prisons than on higher education, while 10 years ago spending priorities were just the opposite, according to the *Washington Post*.<sup>15</sup>
  - In the early 1990s, 1 of 4 young African American men were in prison, on probation, or on parole, based on studies by the Sentencing Project. By the late 1990s, this figure was 1 in 3.<sup>16</sup>
  - Today, according to conservative economist Milton Friedman, the rate of incarceration of African-American men in the U. S. is 4 times higher than the rate of incarceration of black men in South Africa during the pre-Nelson Mandela apartheid government.<sup>17</sup>
  - Sentences for crack cocaine, used disproportionately by minorities, are much longer than sentences for powder cocaine, used disproportionately by whites.<sup>18</sup>
  - Prisons disproportionately incarcerate minorities, but prison building has become a growth industry for whites in rural areas.<sup>19</sup>

- In the most prestigious study of the impact of prison building, a panel of the National Academy of Sciences concluded that "by itself the criminal justice response to violence could accomplish no more than running in place."<sup>20</sup>

*Based on these data, it is fair to conclude that today, as we begin the new millennium, at least two breaches have continued or opened in America. The first breach is between those left behind in the inner city, who are disproportionately minorities, and Americans outside the inner city with more income, better education and greater employment opportunity.<sup>21</sup> The second breach is between the poor, working class and middle class (for all races, urban and rural), on the one hand, and the rich, on the other.*

### **What Doesn't Work?**

The preceding data document the failure of our urban policy of the 1980s—much of which consisted of trickle down supply-side tax breaks and affirmative action for the rich, welfare for corporations and prison building for the poor. (Chapter 2.) Careful scientific evaluations<sup>22</sup> and assessments by Business Week and the conservative *Economist*<sup>23</sup> have shown that enterprise zones, as originally designed, also have failed in their attempt to use tax breaks to lure corporations into inner cities to generate jobs for the truly disadvantaged. The main federal supply-side job training program of the 1980s, the Job Training Partnership Act, has failed as well, according to the U. S. Labor Department and careful evaluations.<sup>24</sup> Boot camps have failed, based on the most comprehensive evaluations.<sup>25</sup>

These failed policies, and the accompanying disinvestment from the cities in the 1980s, often were presented to the public with political spin words like "volunteerism," "self-sufficiency" and "empowerment." Such political buzzwords remain in vogue today. With appropriate recognition of their strengths, weaknesses and limitations, we have found that words as these have some role to play in national policy. However, used to excess, cynically, as public relations vehicles and without an understanding of what happens on the street, rhetoric on volunteerism, self-sufficiency and empowerment also can be used to cover up budget decisions against investing to scale in the children, youth, families and neighborhoods of the inner city.

Some of these slogans are meant to camouflage a double standard when it comes to resources. We are told that corporate executives need high salaries, competent and full time support staff and the latest high tech equipment. In the early 1990s, the Gulf War successfully was carried out with well trained, salaried staff and cutting-edge equipment. Staff and equipment cost money. Yet, when it comes to the poor and the inner city, we often are told by naysayers that adequate resources don't matter that much. That is not true. Scientific evidence now is available that shows what common sense suggests: adequate, sustained funding of paid, full time staff and the support infrastructure of an organization make a big difference—if the funding is targeted on the replication of proven programs and is well managed.<sup>26</sup>

We also need to expose the lack of morality and democracy in the policy of the 1980s, which lingers today. Giving to the rich and taking from the poor is not just failed economics but also failed morality. So is a policy of spending more on prison building than on higher education. The "free market," "open competition" ideology of supply-side

naysayers is a purposeful lie. In practice, corporations today try to maximize market share, acquire the competition and use their profits to hire lobbyists who buy votes in legislatures and during campaigns. The result is a "one dollar, one vote" democracy more consonant with Al Capone's morality than with the traditional American concepts of fair play and "one person, one vote."

### **What Policy Works?**

Yet much does *work*—and it *is* moral and democratic. (Chapter 3.) If the nation will not carry out a practical policy of replicating what does work for the truly disadvantaged now, with a robust economy (for some) and projected federal budget surpluses, will we ever carry out such a policy?

A national policy can be based on scientifically evaluated successes. It should be implemented as much as is feasible by the indigenous inner city nonprofit organizations that are responsible for much of what works. Such organizations also are neighborhood centers of moral influence. Based on what evaluations show to yield the highest long term cost-benefit ratios, the priority should be on reform of the urban public education system, a full employment policy for the inner city and complementary reform to create more racial and criminal justice. This framework builds on new technical knowledge for *how* to replicate what works and for *how* to build nonprofit institutional capacity at the grassroots that we have acquired since the original Kerner report. (Chapter 4.)

Specifically, we need to fully fund Head Start, create a national nonprofit Corporation for Youth Investment to finance after school safe havens and similar successes, replicate successful urban public school innovations, reform the national job training system, generate one million private sector inner city jobs, generate one million two hundred fifty thousand public sector inner city jobs, and replicate complementary investments in racial and criminal justice. Consider each of these policies:

#### **Fully Fund Head Start**

Dramatic new biological and chemical research findings have demonstrated that attention to children in their earliest years determines the way their brains are wired, which provides the basis for social, emotional, and intellectual development. The need for greater investment in early childhood development was pointed up by a report of the Committee for Economic Development, composed of corporate executives, which concluded:<sup>27</sup>

It would be hard to imagine that society could find a higher yield for a dollar of investment than that found in preschool programs for its high-risk children. Every \$1 spent on early prevention and intervention can save \$4.75 in the costs of remedial education, welfare, and crime further down the road.

Yet, today, only about one-third of all eligible lower-income children aged 3 to 5 are served by Headstart, and most eligible children are in Head Start for only a year. The enrollment rates for three-year-olds is especially low. Accordingly, we recommend full funding for all eligible poor children.

### **Create A Nonprofit Corporation for Youth Investment**

Naysayers assert that the effects of Head Start diminish over time. Of course. After inner-city kids leave Head Start at age 5 or 6, they are back on the mean streets. Evaluations by Columbia University, the Eisenhower Foundation, and others have shown that after-school safe havens for kids 6 to 16 work—as logical continuations of Head Start, to provide help with homework, direction by responsible adults, and safe passage through adolescence in a risky society. Some nonprofit grassroots successes—like the Dorchester Youth Collaborative in Boston; Koban, Inc., in Columbia, South Carolina; and Centro Sister Isolina Ferré in San Juan, Puerto Rico—have combined paid civilian staff with police mentors, who also stabilize neighborhoods through community-based problem-oriented policing.<sup>28</sup> For teenagers, a Brandeis University evaluation has shown that the Ford Foundation's Quantum Opportunities adult mentoring program keeps high risk high schoolers out of trouble and on track to jobs and college.<sup>29</sup>

There are many local nonprofit youth development programs that claim success, but the ones just illustrated can show scientific proof of success based on control group or comparison group designs. Some of the evaluated successes are secular, some are part of the outreach of religious organizations. (Just to focus on one group or another, as do some naysayers, or to identify groups based on political ideology, misses our primary criterion for identifying a model to be replicated: Statistically significant pre-post evaluation outcomes using valid comparison or control groups.) All the evaluated youth development successes identified in the report also are centers of moral influence.

A new national non-profit Corporation for Youth Investment needs to be created to assist such proven nonprofit youth development organizations in replicating their success in other locations, financing the replications, securing technical assistance and funding evaluations—while side-stepping much of the federal bureaucracy.

### **Replicate Successful Urban Public School Reform**

Evaluations of the School Development Plan created and replicated widely by Dr. James Comer of Yale University,<sup>30</sup> the *Turning Points* plan for middle schools by the Carnegie Council on Adolescent Development that successfully has been tested<sup>31</sup> and other school reforms documented comprehensively in her recent book, *Safe Passages*,<sup>32</sup> by independent researcher Joy Dryfoos, show that we need to:

- Restructure academic programs to focus on a core of common knowledge and skills.
- Place policy for each inner city school in the hands of a local management team, led by the principal and including teachers, parents, counselors, and other school staff dramatically increase the involvement of and assistance to inner city parents.
- Provide focused intervention by a mental health team for children with emotional, behavioral, or academic problems.

- Create safe environments during the school day and supportive nonprofit safe havens after school.
- Create full-service community schools in which nonprofit organizations are located in the buildings to provide health, family, community, cultural, and recreational initiatives and to ensure security.
- Reduce classroom size.

An example of a school that is implementing these principles is the Academy for Peace and Justice, operated by El Puente, a Brooklyn community-based organization. The school is open from 8:00 a.m. to 9:00 p.m., twelve months of the year.<sup>33</sup> Another example is the Salome Arena Middle Academy, operated jointly by the Children's Aid Society and Community School District 6 in New York City. Located in a new building in Washington Heights, it offers students a choice of four self-contained "academies"—Business, Community Service, Expressive Arts, and Mathematics, Science, and Technology. The school opens at 7:00 a.m. each morning, year-round, and stays open after school, into the evening.<sup>34</sup>

To replicate such models, we need to establish the kind of quasi-governmental Safe Passage Commission recommended by Joy Dryfoos.<sup>35</sup> It would target federal funds and matching grants to schools and nonprofit organization partners in high-poverty inner city neighborhoods.

Priority should be given to reforming urban schools and school bureaucracy, reinforcing the importance of a *public* education system as a national moral responsibility, and respecting the analysis of Jonathan Kozal:<sup>36</sup>

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

Slogans, standards and exams do not teach reading. Only well-paid and proficient teachers do, and only if they work under conditions that do not degrade their spirits and demean their students... Money, as the rich and powerful repeatedly remind us, may not be "the only way" to upgrade education, but it seems to be the way that they have chosen for their own kids, and if it is good for them.... it is not clear why it is not of equal worth to children of poor people....

#### **Reform the National Job Training System**

One reason why the supply-side Job Training Partnership Act (JTPA) failed as the nation's primary job training system for out-of-school youth was that it offered little training before placement. Current welfare reform, with its "work first" requirement that prevents training before an inexperienced person starts work, repeats the same mistake. It may prove an extremely costly repetition for the American taxpayer.

Based on existing scientific evaluation evidence, one of the most promising job training models for both out-of-school youth and for the reform of welfare reform is the Argus Community in the South Bronx. Argus is based on an understanding that there can be no political quick fixes and simplistic solutions (like "work first"). Argus gives priority to development of character and a moral value system in participants; socialization and counseling in a drug- and violence-free environment; a life skills curriculum to prepare youth to be functioning adults who can handle conflicts and manage themselves well on the job; on-site education and remedial education (including general educational diploma high school courses in an alternative educational setting); job training—on site and *before* job placement; job placement for jobs in demand with upward mobility, not dead-ended jobs; and follow-up to ensure better job retention.

Sufficient funds need to be appropriated to replace JTPA with an Argus-like model and to provide Argus-type training for all unemployed persons in inner cities who need the training.

#### **Generate One Million Private Sector Inner City Jobs**

Two million-plus jobs are needed to create full employment in the inner city. By federal job creation standards, this is not a particularly large number. Of this number, we propose generation of one million new private sector jobs—filled by inner city residents who have had Argus-like training. Toward this goal, the regulations for HUD Community Development Block Grants, HUD housing grants, Commerce Department Economic Development Administration grants, Transportation Department Urban Mass Transit grants and other federal, state and local economic development grants need to be revised to require much more priority on the reduction of poverty and the generation of private jobs for inner city unemployment. A more efficient federal interagency coordinating mechanism than presently exists is needed to co-target these reformed grants to places of greatest need. Federal regulations need to require that localities employ the truly disadvantaged in local growth industries, following the model of the Target Industries and Employment Program of the Portland (Oregon) Development Commission.<sup>37</sup>

Match funds generated from local tax bases need to be encouraged. Given the loss of tax bases from the central city to the suburbs in many places, the federal government needs to condition grants to states and localities on local agreements to share across the entire metropolitan area (including suburbs) the value of commercial property, as well as to share other elements of the area-wide tax base—following the successful plan, for example, of Minneapolis/St. Paul.<sup>38</sup> The federal government needs, as well, to closely monitor the school finance plans in Michigan and other states that may transition from property taxes to other forms of taxes that allow for more equitable expenditures in inner cities and the suburbs.<sup>39</sup>

Modeled on the successes of the South Shore Bank in Chicago, which already has been replicated elsewhere, a semi-independent National Community Development



Bank, removed from the federal bureaucracy, needs to be capitalized as part of a comprehensive plan to generate more private jobs in the inner city. The South Shore Bank has pioneered in reinvesting the savings of inner city residents back into their own neighborhoods—for example, to help capitalize new inner city businesses.<sup>40</sup>

The capitalization of community development banks and businesses should be linked to tougher enforcement by HUD of the Community Reinvestment Act of 1977, which requires banks to invest in their communities. Over the last 2 decades, naysayers and well-paid lobbyists for the rich have tried to decimate the Act.<sup>41</sup>

#### **Generate One Million Two Hundred Fifty Thousand Public Sector Inner City Jobs**

Past experience suggests that, given traditional private sector resistance to employing the truly disadvantaged, and given the failure of enterprises zones in South Central Los Angeles after the 1992 riots there, one million new private inner city jobs is a very ambitious goal. And it still falls far short of the two million-plus jobs needed for a full employment policy in the inner city.

*Public* jobs therefore also need to be generated. The jobs should be implemented locally by groups like the nonprofit Youth Build USA (created by Dorothy Stoneman to teach construction to inner city youth),<sup>42</sup> non-profit community development corporations (like the New Community Corporation model created after the 1967 Newark riots by Father William Linder),<sup>43</sup> nonprofit youth development and youth employment organizations, for-profit entities with a social conscience (like the Washington, DC-based Telesis Corporation)<sup>44</sup> and local government. Our plan creates 250,000 public urban construction and infrastructure repair jobs and one million public service jobs.

Public infrastructure investment has shaped America's future. Early on, public investments built canals and subsidized the railroads to settle the West. Government financed the first assembly lines. The federal Interstate highway system was built in the 1950s and 1960s. Federal investments developed the jet engine, began the exploration of space, and helped develop the computer and the Internet.<sup>45</sup> Yet public infrastructure investment declined precipitously in the 1980s, as a result of supply-side economics and its associated urban disinvestment. The 1990s have not reversed this public disinvestment. In 1980, more than 4 percent of all federal outlays were for infrastructure. By 1990, that share had fallen to under 3 percent. As of 1997, public investment in infrastructure was 36 percent of its 1970s levels, and on our current budget trajectory it will drop another 37 percent. The United States is the only major industrial society that is not currently renewing and expanding its infrastructure.<sup>46</sup>

Nowhere is public infrastructure more in need of repair and reinvestment than in our cities and inner cities.

Similarly, there is an enormous need for public service employment. To reform

welfare reform, we need a great many qualified child care workers. With Argus-type training first, child care potentially can be a major employment sector for persons coming off welfare. Drivers and support staff workers are needed to create a transportation system that will allow persons coming off welfare and other unemployed people to get to jobs in the suburbs. Teachers in inner city schools desperately need adequately trained support staff. Community-based nonprofit youth development and community development organizations need paid staff to work with supervisors. Housing shelters are in great need of staff. As the Argus Community has shown, there is a considerable demand for drug abuse counselors. Major cities no longer have enough telephone operators to answer 911 emergency calls in a timely way. Because there are so many unmet jobs, it will be easy enough to create safeguards that ensure that existing employees are not displaced. In many cases, qualified existing employees must become supervisors.

In support of these job investments, the nation needs a macroeconomic policy that more honestly recognizes how trickle down economic growth does not eliminate poverty in specific locations; a fiscal policy that separates long-term investments from short-term operating expenses; a monetary policy that gives first priority to full employment for the poor, working class, and middle class; and a trade policy that raises labor and human rights standards.<sup>47</sup>

#### **Replicate Complementary Investments in Racial and Criminal Justice**

A commitment to reform of preschool and public urban education, combined with a policy of full employment in the inner city, are big first steps in bridging the millennium breaches of race and class that divide America.

However, given the racial biases documented in this book, we also need policy that more directly addresses race. As discussed in Chapter 6, the policy should include:

- Replication of successful models of school integration (like the St. Louis experience) and housing integration (like the Gatreux program begun in Chicago).
- \*Continuation of affirmative action (justified by Rand Corporation and other studies that have measured success).
- Creation of a Presidential Commission to review the "concrete ceiling" and hiring practices of Wall Street and major corporations, followed by a Presidential commitment to break through that ceiling.
- Creation of web sites that provide universal access to reliable information on race and models of successful racial dialogue.
- Elimination of the racial disparity in cocaine sentencing.
- Reallocation of spending by the failed "war on drugs" from 70 percent law enforcement and 30 percent treatment to a ratio closer to 50-50—including reduced prison building, more inner city-based drug treatment, and a shift from ineffective national establishment organizations to grassroots youth groups for the generation of anti-drug media campaigns.

## **What is the Cost of Replicating What Works To Scale and How Can it be Financed?**

Table 1 summarizes the total cost of our proposed investments—which address the Kerner Commission's recommendation that we replicate "on a scale equal to the dimensions of the problem."<sup>48</sup> As much as possible, we encourage financing by the private sector and by state and local government. Yet experience has shown these sources to be unwilling or unable to invest at anything close to scale. *To be pragmatic, we need to recognize that only the federal government potentially has the resources to replicate to scale. At the same time, we recommend that these public dollars be implemented day-to-day as much as possible by private nonprofit grassroots organizations in concert with for-profits with records of inner city success, and with local government.*

We recommend financing primarily by reallocating a fraction of the \$100B-plus paid by taxpayers annually for wealthfare, affirmative action for the rich and corporate welfare. (Chapter 6.) Table 2 illustrates some of these subsidies and tax breaks for the rich.

As former Secretary of Labor Robert Reich has concluded after reviewing such subsidies and tax breaks as assembled by conservative, moderate and liberal nonprofit organizations:<sup>49</sup>

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

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

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

**Table 1**  
Summary of Federal Investments Proposed

<b>Investment</b>	<b>Federal Cost Per Year</b>
Replication of Head Start Preschool for all Eligible Poor Children.	\$ 7B
Replication of the Comer School Development, Carnegie Turning Points, Dryfoos Full Service Community School, and Project Prepare Models in Urban Public School Systems.	\$ 15B
Creation of a Corporation for Youth Investment To Replicate After School Safe Haven Prevention Models, Quantum Opportunities Prevention Models and Related Youth Development Successes.	\$ 1B
Reform of Job Training Modeled After the Argus Community.	\$ 4.5B
Creation of 1,000,000 Private Sector Jobs for the Inner City Through Better Targeting Existing Economic Development Grants on Poverty Reduction.	\$ 0
Creation of a National Community Development Bank Modeled After the South Shore Bank.	\$ 1B
Generation of 250,000 Public Construction and Rehabilitation Jobs for the Inner City That are Targeted on Housing and Urban Infrastructure Development.	\$ 5B
Generation of 1,000,000 Public Service Jobs for the Inner City That are Targeted on Public Service Employment in Day Care, Transportation Services, Urban School Staff Support, and Non Profit Community Organization Support.	\$ 20B
Replication of School Desegregation and Housing Desegregation Models That Work and Affirmative Action. Upgraded Civil Rights Enforcement. Replication of Racial Dialogue Models That Work. Creation of an On-Line Data Base of Facts and Solutions on Race.	\$ 0.1B
Replication of Successful Drug Treatment and Reintegration Programs. Replication of Community and Treatment Oriented Drug Courts. Implementation of Sentencing and Drug Treatment Commission	\$ 2.4B

Recommendations.	
<b>TOTAL</b>	<b>\$ 56B</b>

**Table 2**

Examples of Current Wealthfare Subsidies and Tax Breaks to Corporations and the Rich

<b>Wealthfare Category and Illustration</b>	<b>Annual Cost to Taxpayers</b>
Taxes That Have Been Lowered on Capital Gains for the Rich	\$ 37B
Depreciation That Has Been Accelerated for the Rich	\$ 37B
Agribusiness Subsidies (Including Tobacco Subsidies)	\$18B
Tax Avoidance by Transnational Corporations	\$ 12B
Media Handouts, Like Free Corporate Use of The Airwaves	\$ 8B
Tax Loopholes Given to the Insurance Industry	\$ 7.2B
Business Meal and Entertainment Deductions As Part of Corporate Welfare	\$ 5.5B
Subsidies to the Nuclear Power Industry	\$ 7.1B
Subsidies to the Airline Industry	\$ 5.5B
Subsidies to the Mining Industry	\$ 3.5B
Tax Breaks to the Oil and Gas Industry	\$ 2.4B
Export Subsidies to Transnational Corporations	\$ 2B
<b>TOTAL</b>	<b>\$145.2B</b>

Source: Mark Zepezauer and Arthur Naiman, *Take the Rich Off Welfare* (Tucson: Odonian Press, 1996).

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

Well paid lobbyists will argue that the rich need affirmative action and corporate welfare to assure a robust economy. Yet this claim is disputed by the econometric forecasts made by Richard McGahey, who prepared them while at the Center for Community Change. The Center has proposed one million new public service jobs, just as we have. McGahey analyzed the impact on the economy of these one million jobs if their total cost were financed by reducing corporate welfare by an equal amount. Using FAIRMODEL, a widely regarded econometric model based on 131 equations that is continually updated and re-estimated, McGahey compared the current econometric forecast produced by the model 5 years into the future to an alternative forecast with the public service job program financed by the corporate welfare cuts. Compared to the current forecast, the forecast with the proposed change "has a higher level of real and nominal economic growth, stable private sector employment, and a lower national unemployment rate. Real wage increases and inflation are virtually the same in the two scenarios."<sup>50</sup>

In other words, a shift in some resources from corporate subsidies to public service jobs does not hurt the economy. It can help the economy.

In addition to eliminating corporate welfare, we should redirect money now being spent on the military to our more serious domestic needs. Current federal plans call for military spending to be as much in the year 2000, in real terms, as it was in 1975, in the midst of the Cold War, when the Soviet Union still existed and was heavily armed. Many well-qualified experts support military cuts, including William W. Kaufman, a defense analyst for several U.S. Defense Department secretaries. Kaufman concludes in a study for the Brookings Institution that the United States could reduce the defense budget to less than \$200 billion per year over the next ten years without undermining its global security commitments or its position in arms control negotiations. Similarly, the Center for Defense Information, founded by retired admirals and generals, has proposed a reduction in military personnel from 1.4 million to 1 million and an annual Pentagon budget of \$200 billion.<sup>51</sup>

We recommend, as well, that the Table 1 budget be financed by eliminating other programs that don't work (like JTPA), allocating funds from any future budget surpluses, and directing funds from any eventual tobacco settlement.

## **What Are the Major Obstacles Against Replicating to Scale?**

Yet without real political campaign finance reform, and without a citizen campaign to communicate to the public what works, only limited progress is possible. (Chapter 5.)

Money talks in our present political system especially for those who support tax breaks for the rich and prison building for the poor. Today, the economic system runs the political system. The stranglehold of big money on the American political system and the public agenda is illustrated by the following practices:<sup>52</sup>

- Lavish corporate subsidies to our two major political parties.
- The contribution of as much as \$1 million to national campaigns by individual foreign interests.
- The virtual elimination of competition by congressional incumbents whose huge war chests have insured them a reelection rate of over 90 percent.
- Corporate sponsorship of the carefully scripted, plastic, made-for-television national conventions of the two major parties.
- Ongoing mobilization of special-interest money by members of Congress and shakedowns of fat cats by elected officials, dialing for dollars.
- The purchase of legislative and regulatory "relief," to use Washington Beltway jargon, by lobbyists who represent the interests that get the politicians elected and reelected.

In many ways, clean money campaign reform, as pioneered in Maine and as advocated at the national level by Public Campaign, is the reform that makes all the other reforms possible.<sup>53</sup> Strictly limiting campaign contributions and expenditures and providing for a system of public financing for congressional campaigns, like that available for presidential campaigns, would not guarantee replication of what works to scale. But it could level the political playing field to allow campaigns to be based more on issues than on money and to take into account the interests of the poor, the working class, and the middle class, not just those of the rich and the big corporations.

It also will be easier to overcome the obstacle of "one dollar, one vote" if we better communicate to voters and taxpayers that we do know what works. Foundations and corporations that support the position of supply-side naysayers generously have funded communications and media operations in naysaying think tanks and related organizations over the last 20 years. The naysaying think tanks have been extremely effective in communicating an ideology that little works except failed programs like supply-side tax breaks for the rich and prison building. On the other hand, foundations that support the replication of child, youth, family, community and economic development programs that work, and that support policy based on scientific evaluation, have tended to view communications and media policy as outside of their mission.<sup>54</sup>

In some ways, the media conspire with the naysayers. Most media in America are controlled by a few giant multinational corporations, like General Electric, Time Warner, Disney and Rupert Murdoch's News Corporation. There is unremitting pressure for profits. Most Americans prefer to get their news on local television. To maximize ratings

and profits, local television station managers tend to follow a policy of, "if it bleeds, it leads." Crime and violence on the 5 p.m., 6 p.m., 10 p.m. and 11 p.m. local television news are thought to be the best way to maximize ratings, profits from commercials and the television manager's job security. The resulting frequent, bloody and sensational stories often target young minority males, who are demonized as offenders, and welfare mothers, who are portrayed as inadequate parents. As George Gerbner, Dean Emeritus of the Annenberg School of Communications at the University of Pennsylvania, has observed, the result of the present violent and negative programming can be the "mean world syndrome." Day in and day out, the average, middle class, suburban American viewer is left with the feeling that nothing works. This may increase the likelihood that the middle class viewer will conclude that policies like naysaying and prison building are the answer, not replication of programs that do work.<sup>55</sup>

The consequent need is for a communicating what works movement that is both top down and bubble up. From the top, national nonprofit organizations need to encourage more foundations to support grassroots media and communications operations. Reports on what works need to be more frequently published and more widely distributed to private and public decision makers. New web sites need to summarize what works in specific locations and for specific groups (for example mentoring for 6 to 16 year olds), summarize the technology for how to replicate what works, and encourage interaction between model programs and those that want to become models. To help educate the public and decision makers, we need celebrities like Whoopie Goldberg, Robin Williams and Billy Crystal illustrating what works on *Comic Relief*-type programs. We need a new generation of public service announcements showing, for example, Patrick Ewing at Argus in the South Bronx, Oprah Winfrey at the Comer School Development program in Chicago and Bill Cosby at Delancey Street in Los Angeles.

In terms of bubble up, thousands of grassroots community-based inner city nonprofit organizations need to become a coordinated force, based on their being trained in communications and media, as is done in the Eisenhower Foundation's television school for nonprofit organizations. Grassroots nonprofits need to be assisted to bring on their own communications directors (few have them) and to generate strategic communications plans. Inner city groups should learn to communicate to the public what their own programs are about and, through this public education, help raise funds and become more self-sufficient. They can communicate what works in the local media. They can push for more local electronic media news and talk shows that embrace more of what works, less of what doesn't work, and less of a bleeds/leads philosophy. Nonprofits also can try local, cost-effective, alternative venues to conventional television, radio and print news. Such alternatives include Internet venues, cable programs, more word of mouth street organizing and pamphleteering (as suggested by Bill Moyers), town meetings, and public service announcements crafted by local nonprofit organizations themselves. For example, such announcements can be modeled after the media enterprises at the nonprofit Dorchester Youth Collaborative in Boston that are written, directed and acted in by youth. There is great potential for replicating youth-oriented media enterprises. They can communicate very effective messages, involve youth in popular and constructive activity



in safe havens after school and even lead to income generation by nonprofit organizations<sup>56</sup>

### **What is the Political Feasibility of a Policy Based on What Works?**

To what extent is public opinion supportive of the policy set forth here? One measure of public opinion is the response of the media to the first edition of this report. Released on March 1, 1998 (thirty years to the exact day of the release of the original Kerner report), the first edition received saturation media coverage—for example, on ABC, BBC, BET, CBS, CNN, NBC, NBC Today, NPR, the News Hour with Jim Lehrer, scores of radio talk shows in big cities, *Newsweek*, the Associated Press, and almost every major and minor newspaper in the country. Of course, the naysayers who we criticized, in turn, criticized the update. But most news stories were "framed" by print and electronic media—like the *Washington Post*, the News Hour with Jim Lehrer and NBC Nightly News—in a way that was favorable to the update.<sup>57</sup> The naysaying was superficial and often dishonest; it was easily and effectively dismissed.<sup>58</sup> Among editorials, feature columns and op eds, we found a network of supportive opinion in every region in the nation, in towns large and small.<sup>59</sup> It is a network upon which a communicating what works movement can build. (See the appendices for illustrative articles and television transcripts—which provide strategic lessons for a what works movement and for nonprofit, grassroots street organizers.)

Considerable support for the investment priorities which are proposed in the first and second editions of *The Millennium Breach* also can be found in the results of public opinion polls. For example, national surveys conducted in the eighties and nineties by the National Opinion Research Center at the University of Chicago consistently show that a substantial majority of Americans want more invested in improving the nation's educational system and in preventing crime and drug addiction.<sup>60</sup>

Similarly, in 1992, immediately after the Los Angeles riots, the New York Times and CBS News asked Americans in a nationwide poll: "Are we spending too much money, too little money, or about the right amount of money on problems of the big cities, on improving the conditions of blacks, and on the poor?" Sixty percent of respondents said that too little was being spent on urban problems, 61 percent said that too little was being spent on improving the conditions of African Americans, and 64 percent said that too little was being spent on problems of the poor. The pollsters also asked: "To reduce racial tension and prevent riots, would more jobs and job training help a lot, help a little, or not make any difference?" Seventy-eight percent of respondents said that more jobs and training would help a lot.<sup>61</sup>

Complementary findings come from a 1996 poll of voters sponsored by the Children's Partnership, the American Academy of Pediatrics, the Coalition for America's Children, the National Association of Children's Hospitals, and the National Parent Teacher Association. Seventy-six percent of the voters polled in that survey said that they would be more likely to vote for a candidate who supported increased spending for children's programs. Sixty-five percent favored proposals for children and families, even if this would mean slowing down deficit reduction. Sixty-four percent said that government

should play a large role in solving problems facing children. Sixty-two percent said that they would oppose a balanced budget amendment if it required cuts in children's programs.<sup>62</sup>

In 1998, in the first national sampling of attitudes on surpluses after a federal fiscal year 1999 budget surplus was projected, a *USA Today/CNN/Gallup* Poll found that the biggest group of respondents, 43 percent, called for using any extra money to invest in Social Security, Medicare, and education. (Thirty percent backed paying down the debt, and 22 percent favored tax cuts.)<sup>63</sup>

### **What Political Alliance Is Needed?**

In spite of evidence of public support, the political will does not at present exist nationally to carry out the budget priorities in Table 1 as we enter the new millennium. How can we create the political will?

We need a new political alliance with a broad constituency. (Chapter 7.) The heart of our recommended policy—investing in education and employment to provide opportunity—needs to embrace not only the truly disadvantaged, and not only those in the inner cities, but also the working class and the middle class.

The alliance should include those in core cities and older suburbs who are already forming common fronts in places like Minneapolis/St. Paul and Cleveland against their losing resources to new exurbs. The goal of the alliance should be to recapture some of the national mood that existed after World War II, when Americans sought to build a more inclusive, equitable society, one in which everyone had a fair chance of "making it."<sup>64</sup>

What story, or message, might update that post-World War II American feeling and build the new political alliance for the coming millennium? We need words around which to rally, and these might include some of the following:<sup>65</sup>

*You, the average citizen, are not alone in your search for a safe niche in the I-win-you-lose world. The very rich have profited at the expense of the families of salaried and working people of America. It is not fair for the rich to get richer at the expense of the rest of us. Power has shifted so significantly toward those at the top of the income and wealth pyramid that the majority of Americans who are struggling must mobilize to force the rich and the elites back to the bargaining table. We must close the income, wage, and job gaps.*

*The way to do this is to invest in education, training, and retraining—so that Americans have the opportunity for jobs, for better jobs and for insurance against economic downturns. Among the middle class, working class, and the truly disadvantaged, and among different racial and ethnic groups, this policy can be win-win. None of these groups needs to gain at the expense of the others. We can succeed with a full-employment policy that eliminates the economic marginality of the poor and at the same time reduces the anxiety of the working and middle classes.*

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

Does this story—this message—have sufficient appeal to sufficient numbers of Americans? There is no doubt the potential exists. The majority of Americans seem to know that they are not necessarily winners in today's economy. For example, a 1996 *New York Times* poll reported that the share of the electorate that identifies itself as "working class" now outnumbers those who consider themselves "middle class"—55 percent to 36 percent. If to this 55 percent we add those who identify themselves as "poor," the total becomes 61 percent of the electorate. National polls also show that, despite a higher level of education, young people often say that they expect to do worse than their parents. This is a likely group, too, for recruitment into the new alliance.<sup>66</sup>

The emergence of an effective alliance also may depend in part on Hispanics. By the middle of the next decade, Hispanics are projected to overtake African-Americans as the nation's largest minority group. Hispanics are lagging behind other racial and ethnic groups, including African-Americans, in educational achievement from pre-kindergarten through college. For this reason, Hispanics have joined African-Americans on the need to reinforce affirmative action, and have backed increased federal funding for Head Start, school dropout prevention, teacher training and college preparation. In 1998, Raul Yzaguirre, President of La Raza, the nation's largest Hispanic organization, declared, "The hope is that we can now begin to form alliances and it need not be a zero sum game." Whether or not this hope is realized may depend on the effects of racial intermarriage in coming decades, among other factors. Hispanics, as well as Asian Americans and Native Americans, are far more likely to marry outside their race than are African-Americans. Conceivably, some believe, the result could be replacement of the historic black-white dichotomy in America with a new black-beige dichotomy.<sup>67</sup>

A resurgent labor movement is key to any new alliance, as well. The organized labor movement lost power in the 1980s, as a result of federal supply-side policies. Labor needs to recover the kind of decisive role that organized workers had in winning the 5 day week, the 8 hour day, the minimum wage, Medicare and the 1964 Civil Rights Act. Historically, unions have secured national attention when they put forth a moral vision. In the 1930s, unions tripled their membership under the rallying cry of "industrial democracy." In the 1960s, Martin Luther King helped mobilize workers into the civil rights movement by criticizing a system of "selfish ambition inspiring men to be more concerned about making a living than making a life." That legacy needs to be captured for the new millennium, through a moral vision that says the richer-poorer trend is unacceptable.<sup>68</sup>

In terms of policy, the common ground among the poor, working class, and middle class can be job training and retraining—to make all more productive. Building and repairing low-tech urban infrastructure (like roads and buildings) can generate jobs, both for the truly disadvantaged and for working-class family breadwinners. New high-tech industries

for which working and middle class persons can be trained and retrained include, for example, computer-smart urban transit systems, computer networking, electronic digital imaging, ceramics, advanced composites, sensors, photonics, artificial intelligence, robotics, computer-aided manufacturing, biotechnology, and research and development to find the cure for cancer, Parkinson's disease, AIDS, other serious diseases, and the common cold. Additional examples include research and development to allow a shift to renewable energy as well as research and development to reduce environmental deterioration and pollution.

### **Leadership**

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

Americans need new leaders, who then must be pressured to lead. We know that the budget recommendations made here will not be approved at the federal level during this thirtieth anniversary year of the Kerner Report, but perhaps the necessary political will and leadership can emerge by the fortieth or fiftieth anniversary. To repair the millennium breach and fulfill the legacy of the Kerner Commission, America needs again Franklin Roosevelt's commitment to effective government and Teddy Roosevelt's boldness in establishing the limits of private greed.

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48. Details for how the line items in Table 1 were calculated are found in Chapter 6. What follows is a summary.

The \$7B per year for Head Start is the estimated cost for expanding the existing Head Start program to all eligible poor children.

The \$15B per year for replication of successful public inner city school reform initiatives is based on estimates by Joy Dryfoos that roughly 15,000 schools in the United States serve disadvantaged urban youth, children and teenagers; that the average number of students per school is about 1,000; and that the average cost per student to implement reforms that work is about \$1,000.

The \$1B per year for the Corporation for Youth Investment is a conservative estimate for funding, technically assisting and evaluating safe haven-type and Quantum Opportunities-type replications for a fraction of the children, youth and teenagers who could benefit from them.

The \$4.5B per year for job training reform modeled after the Argus Community would allow training each year for a fraction of the 2,000,000-plus inner city unemployed who need it.

The \$1B per year for the National Community Development Bank is expected to generate a fraction of the \$1,000,000 new private jobs that is our goal for the inner city.

The \$5B per year for 250,000 public sector construction and urban repair jobs each year is based on estimates in United States Conference of Mayors, *Ready to Go: New Lists of Transportation and Community Development Projects*. Washington, DC: United States Conference of Mayors, February 18, 1993.

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