

A DRAFT PROPOSAL

THE PURPOSES AND WORK PROGRAM OF THE
TASK FORCE ON THE CITIES

Summary Statement

It is recommended that the concept and criteria underlying Federal urban policy move from program to flow: and that the Task Force use its time and equity to mark this historical divide and to begin detailing what it means and by what policies and procedures it might be expressed.

Background

The last generation of Federal activity in urban affairs has developed along two lines that lead to growing frustration in a pluralistic society of increasing mass and private initiative:

- (1) the notion that for every urban problem there should be a specific program which is to be executed principally through a public bureaucracy;
- (2) the definition of urban problems and policies in static (mainly geographic) terms.

This urban world is two universes apart from the kind of analysis on which the economic policies of the U.S. during this same period have been conceived and enacted. The latter have derived from dynamic analysis expressed in terms of national aggregates. This economic model has had at least some semblance of internal consistency, and levers

have been designed which make it possible to effect changes in national economic behavior at relevant scale.

The urban model has not even the pretense of internal consistency, and with its tiny levers exerts a force on urban development so small that even its local effects are barely visible. What is worse, it involves such a massive input of political and administrative talent that the nation's energies and equities are dissipated.

Despite some lingering prejudice, it is becoming evident to many of us that the simple multiplication of present efforts and redoubling of budgets will not produce equivalent results. In the use of the existing urban model, we have already reached the point of diminishing returns. Ten times the present urban renewal, welfare and other programs will more likely produce ten times the present frustrations rather than some multiple of the desired urban outcome.

To say that the present urban model has been inadequate is not to say that the more dynamic model of national economic policy has been ideal. From many points of view -- not least the urban -- the national economic model has produced some indifferent and sometimes disastrous results. For one, it has been tied to a single-entry bookkeeping of national benefit: a tally of Gross National Produce which registers presumed social gains without offsetting measures of social cost. More important, the recorders and engineers of aggregate economic change have omitted any consideration of area -- except for an occasional bow to economic regions when a stray member of the peer group or a dramatic accident of history (like the TVA) have made it respectable.

In an age of urban concentration, the failure to include area as one dimension of national economic policy has been folly. And with the prospect of peace being declared, and urban development becoming the object of increased public and private spending, the need for a major policy shift is all the more urgent.

Consider four examples:

1. The flow of effective consumer demand into areas of "social deficit" - Bedford-Stuyvesant; North Philadelphia, the ghettos of our metropolitan areas; the abandoning small towns of the Jersey Pines, the Appalachian chain, etc. In these areas it is becoming painfully obvious that present public programs (renewal; welfare; job training and development) are not producing much of an effective demand, and that until there is such a demand, there won't be induced an adequate economic base. Thus the growing cry for the negative income tax, the guaranteed minimum income, the family allowance, and the "welfare dollar" (of Lloyd's Bank Review, ca. October 1966) which gives the poor a choice of expenditures among essential services.

The Task Force will not have to invent proposals of this sort; but we can (a) show how they fit into a more dynamic urban model; (b) do badly-needed digging into their probable effects, relative advantages, and administrative feasibility.

2. The flow of investment and enterprise into areas of social deficit. Public programs of renewal, housing, and economic opportunity have had discouragingly weak leverage in stimulating the economic development of ghettoed and other declining communities. It may be that tax policy offers a more promising lead: declaring areas of social deficit eligible sites for Federal, state and local tax incentives of various sorts for specified kinds of investment and enterprise.

The proposal is not new; but again, the Task Force can develop its rationale and explore its feasibility.

3. The flow of national tax resources to states and municipalities, (and to other quasi-public instrumentalities for community action). The readiest example is the Heller Plan, which -- along with other proposals like the shared-tax -- badly needs reshaping to fit a declared schedule of urban needs and reforms. It seems clear the present structure of Federal grants produces a flow of revenues to the lesser jurisdictions which is too small, too categorical, too incoherent, and too much in the control of specialized technicians. It also concentrates on the art of grantsmanship rather than on performance; and it exacts small changes in behavior from the bureaucracies rather than major changes and concessions from governors and legislatures, mayors and councils (e.g., to be eligible for a major block grant from the Federal government, a State might be asked to expand and reshape its own revenue system, and make some fundamental changes in its administrative structure and procedures).

The Task Force might declare for an increased flow of Federal revenues to the States and local governments through more generalized grants, and begin to detail some of the more promising ways, means and conditions. (And now that the "growth sector" of central cities seems to be public and non-profit in character (education, health, government, etc.), we might explore the possibility of expanding in lien payments to those municipalities as a major revenue source.)

4. The flow of national resources into housing in declared areas.

This flow has been too small, too erratic, and off the geographical targets of need. The Task Force might review in the perspective of thirty years the efficacy of current devices and (e.g. FHA's) conventional wisdom: mortgage insurance; below-market-interest-rates; subsidies; etc. There may be more powerful levers than these, with more consistent effects and geographical accuracy.

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There are other flows to consider: most important, the flows of people to and within the country's metropolitan areas, with a special eye to the forces, incentives, etc., which stimulate and shape those flows. For example, a low airline fare from Puerto Rico to other metropolitan areas than New York might have lessened "The Puerto Rican problem".