

# Stranded Cities

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**E**ither you believe in democracy or you don't. Like you, I believe." This declaration of faith by President Reagan was made to a gathering of local officials in the hope of persuading them to approve transfer of responsibility for a wide range of governmental activity from the federal to state and local government. Only through extensive decentralization of authority, the President maintained, could local democracy be restored. By this formula he reduced the complexities of decentralization and democracy to a simple either/or proposition. Neither decentralization nor democracy is that simple. If, for example, the national government were no longer to provide financial resources to local governments to enable them to deal with problems that are essentially national in character, the effect would be to prevent the cities and states from responding to what their citizens may want and need, blocking the expression of local democracy. It is difficult to see how local democracy could have much meaning if its capacity to act were denied by a policy of fiscal starvation. There are also profound problems of equity involved because of the vast disparities in wealth among the states and localities. If federal financing were curtailed, many vital programs on which people depend would be terminated.

Yet federal financing of state and local governmental functions is not without its problems. Some champions of strong local government (and they come from both left and right) fear that any system of federal grants necessarily involves central control. Such outside control, in their view, undercuts local democracy. The paradox is that local governments cannot act in a number of areas without federal funds, and yet the existence of federal funds brings with it outside control and the inevitable reduction of local governments to dependency.

Reagan's "New Federalism" would eliminate 24 billion dollars annually granted to the states and localities by the federal government. The proposed reduction or elimination of grant programs covers four areas: education, social welfare, health care, and community development. In return the federal government would assume sole responsibility for financing Medicaid and continue to provide 4.6 billion dollars a year in Revenue Sharing payments.

The net result of the proposed cuts and the takeover of Medicaid would mean either the elimination of genuinely needed programs or the fiscal collapse of many state and local governments. One mayor called the President's plan an "antiurban policy statement," and many governors claimed their states were already near fiscal disaster without the extra burden the new plan would entail. At the time of the President's speech (in July of 1982) sixteen states were seeking loans from the federal government to save their unemployment compensation systems from going broke. Despite these pleas from local officials, the President insisted that something had to be done to reverse the steady decline of state and local independence and initiative that was caused by the "swollen government in Washington." He argued for a return to the "balance" between the levels of government, claiming that this was a constitutional requirement. He even went so far as to warn that he would invoke the Tenth Amendment as a barrier to federal action, a position abandoned forty years ago by the United States Supreme Court. "The more government we can keep at the local levels in local hands," he asserted, "the better off we are and the more freedom we will have."<sup>1</sup>

The President did not say who would be better off and who would have more freedom under his plan, but by examining the programs he wants to kill, it is fairly clear who stands to gain—and it will not be the urban poor. Of the twenty programs slated for transfer that involved education, energy, social, health, and nutrition services, every one of them is predominantly concerned with aiding the poor. The list includes Aid to Families with Dependent Children, the Comprehensive Employment and Training Act, child nutrition, maternal and child health care, and health care centers. Many central city people literally owe their lives to these programs, and to others they provided an avenue of escape from poverty. Although the President assured local leaders that they will be guaranteed 100 percent of the "funds historically passed to them from the federal government," local officials remain skeptical. The political will is lacking to levy heavy new taxes and probably will remain so for the foreseeable future. Although some states can afford to raise more revenue, many are too poor to do it. Many cities are barely managing to stave off bankruptcy. Their resources are severely depleted as a result of mounting levels of unemployment and the firing, permanent

<sup>1</sup> Howell Raines, "President Seeking Counties Support," *New York Times*, July 14, 1982.

as well as temporary, of thousands of city employees. Meanwhile the demands on cities mount as each new wave of workers joins the ranks of the unemployed. Detroit's unemployment rates are the highest since the Great Depression, and its resources are strained to the utmost to keep the city afloat. It borders on the bizarre to suggest that a city in that condition could raise hundreds of millions of dollars in new revenue. The case of Newark is a revealing example of the plight of cities. An increase in the local property tax rate resulted in actual decline in total revenue because many property owners chose to abandon their buildings rather than pay the tax. Accordingly, Newark sought and got permission to use its Revenue Sharing funds to lower the tax rate.

Some might claim that cities such as Detroit and Newark are not facing actual crises and would point to the current building boom in those cities, where billions are being invested in luxury apartments, convention centers, and commercial space. To some observers, this indicates a basic strength in local economies and holds out the potential of increased tax revenues. However, the promise of the building boom is misleading. First, in order to get corporations to build the new structures, cities have to offer tax write-offs as an incentive, thus reducing the revenue to be collected by the city. Cities compete to attract corporations, but the competition raises the municipal ante for builders, thus reducing revenues for years in advance. And while it is no doubt true that the new construction will provide some local employment, it is very difficult for local governments to make minority hiring a condition. The number of highly skilled construction workers among minority groups is too few to alter appreciably the chronic unemployment that afflicts such groups. Moreover, the new buildings often house establishments that will not hire many central city workers because the skills and education needed in most automated and computerized operations are more likely to be found among suburbanites rather than central city residents.

**E**ven if it were true that resources could be found at the subnational level to keep the programs in operation, it does not follow that the whole burden of services and programs such as Aid to Families with Dependent Children (AFDC) should be borne by local government with state aid. For the problem is not local but national in scope. Localities are places where the consequences of a national economy are registered. Often these consequences are the result not of a wasteful program adopted by a city or state, but of a national policy. For example, the federal government, by the use of tax incentives, encourages industry to install labor-saving devices that will boost productivity. One result has been technological unemployment and a drastic change in the urban work force. Workers whose physical power was their chief resource as workers are needed less and less, and white collar or technical workers have displaced muscle workers by the millions. It is

now possible for four coal miners working with modern machinery to accomplish in three minutes what it took two coal loaders a full day to do. For the first time there are now more white collar than blue collar workers.

Of course, enhanced productivity has some positive results. For example, many dirty and dangerous jobs are being eliminated. But the displacement of physical workers is having a disastrous effect inside our major cities. The costs of displacing workers has fallen mainly on the workers themselves, and very little thought has been devoted to the plight of superfluous workers. As a consequence a kind of lumpenproletariat has been created, especially in the largest cities—a group of people for whom there is nothing to do that is economically rewarding. (At least nothing to do *legally*—a point attested to by the soaring prison population.) To the burdens of local government created by technological change there is the further unemployment produced by a national policy aimed at curbing inflation while “accepting” a rising level of joblessness.

The human suffering and social consequences of national economic policies are staggering. The new generation faces the prospect of being permanently barred from the work force. Often in central city areas more than half of all young potential workers have no jobs and in many instances never have had one. Women get pregnant and do not expect to get married; the fathers of these children are commonly the long-term unemployed who could not support a family by any legitimate means. The number of families headed by unmarried mothers grows steadily. In a fundamental way the state is left to pick up the bill for the “advances” that corporations make in “rationalizing” their workforce.

**W**hatever the problems with many existing social programs, they should not be allowed to obscure the simple fact that many of them do work and do help to ease misery and often to save human lives. Newark provides a striking example of this. During the 1970s, when most of the city's services hardly merited the name, the quality of health care was the only service that improved. The educational system was floundering, the police were more of a threat than a source of protection, and housing was being abandoned when it was not being burned. Nonetheless, the incidence of many serious diseases during the ten year period in which a black had become mayor was sharply reduced. The reasons for this were simple and material. The state, with federal assistance, built a new teaching hospital in the center of Newark, and it was soon providing better care than had previously been available. In addition, a campaign by some public-spirited doctors succeeded in raising money for neighborhood health clinics. The net result was a sharp decline in the incidence of and mortality due to diseases the rest of the country no longer suffers from. Clearly there are circumstances in which “throwing money” at a problem may in fact ameliorate it.

Though the Reagan administration's profession of faith in local democracy is suspect, it does have the virtue of raising the question of whether any of the recent attempts at revitalizing local democracy have been any more successful. Over the past two decades there have been several different efforts to increase the power of ordinary people. A brief discussion of some of them may help us to understand the difficulties.

One of the most highly publicized was the black power movement. It began in the 1960s when it was becoming clear that federal legislation against discrimination and the desegregation of much of the Southern political system constituted a beginning in the struggle for racial equality but that there was still a long way to go. The idea of black power was simple: to elect as many blacks to public office as possible and wherever there was a majority or large minority of blacks to attempt to take over local and county government and make it an instrument for improving the social and economic condition of blacks. In the intervening years, the number of cities, towns, and counties with blacks in leadership has grown steadily. In 1981 the Joint Center for Political Studies reported that over 5,000 black persons were holding elective office at all levels of government. Although this was a significant gain over the figures for 1970, when the Center first began to make its reports, the sad fact is that 5,000 blacks in elective positions constituted only 1.03 percent of all elected officials. Nonetheless, blacks did gain access to the governing bodies of many counties, cities, and towns and in some instances there were even black majorities. In 204 cities, blacks were mayors, and 1,267 blacks were elected to state and local education boards.

From a democratic perspective these gains have demonstrated that it is better for blacks to have power than not. Being in office it is at least possible for them to overcome the systematic neglect that had historically characterized the treatment of all black concerns. At the very least, black power has enabled blacks to use the resources of the cities in much the same ways as earlier ethnic groups used municipal governments as a source of patronage for their members. Doubtless this system of patronage did little to improve the life or general conditions of ethnic groups but, again, better to have had these opportunities than to have been denied them altogether—which was certainly true of most blacks until very recently. Having said all this, one should not exaggerate the benefits derived from patronage. Typically, it does not affect a very large number of people, and its implications for increasing black power are very modest. Above all, like other forms of social service, patronage becomes a victim of the fiscal crisis of cities. Black mayors have had to fire black employees. Indeed, when the black mayor of Newark, Kenneth Gibson, ran for reelection in 1982 he boasted that he had trimmed the city's work force by eliminating 1900 jobs.

In short, the limitations of the black power movement are becoming apparent. A black mayor, a black majority on the city council, and blacks in key ad-

ministrative positions do not necessarily have the power to alter the living condition of the population living in older cities. The plain fact is that the powers of local government are insufficient to create decent jobs and housing, or to protect the population from thieves, arsonists, drug addicts, and even the police. If the black leaders were able to exercise control over the police force, for example, even then it would be difficult to provide protection because the magnitude of crime far exceeds the capacity of the forces at the disposal of city governments. Even if a black administration were to come to power and be seriously committed to altering the conditions of urban life, it is not likely that they would have either the finances or the formal authority to achieve much. This is due to the historical situation of the city itself. Cities are at the bottom of the hierarchy of governmental organization, and they are compelled to operate, to an unusual degree, through intergovernmental politics. The result is a series of constraints that hobble initiative and make it impossible for cities to afford to take on the problems that are besieging them. The oldest municipal joke is that winning the mayor's office in Newark—or in any one of a hundred other comparable cities—is the equivalent of taking command of a sinking Titanic.

Another highly publicized approach to local democracy was decentralization. It is almost impossible to recall the enthusiasm with which that idea was raised not long ago as the way by which black people could gain control over government and much needed services. Education was thought to be one of the most crucial areas for enabling blacks to improve their own condition. The idea was to localize educational policymaking and thereby give local enclaves some chance to influence the way their schools operated. It was obvious that in a city as large as New York, with such extensive housing segregation, there was no effective way to integrate schools. Accordingly, the school system was divided into many relatively small districts with a modicum of power allocated to locally selected school district school boards.

The decentralized area school boards, especially in their early years, did allow some local influence on school policies, personnel, and curriculum. However, much controversy centered in these area boards, especially in budget and personnel matters. Participation, never very extensive in many areas of the city, declined before long. Moreover the well-organized teachers moved in and dominated elections to district boards, overcoming the poorly organized parents. In other cities experiments with decentralization did not have much effect; either decentralizing moves were hesitant and short-lived, or they faded from the scene because tight city finances made the decentralization efforts a prime target for cutbacks in expenditures.

Still another brave effort at community participation came with Lyndon Johnson's War on Poverty. The proponents of the antipoverty program believed that the active involvement of the poor in the program was imperative. This was

not just because they thought the poor themselves, knowing firsthand what poverty was, would be able to contribute ideas that professionals and bureaucrats might not see. They also believed that the self-confidence and self-respect of the poor might be aided by actively involving them in solving their own problems. The latter idea had derived from efforts in New York City to provide a sense of high self-esteem for young people whose empty lives had led them into gangs, violence, prison, or death from an overdose of drugs. The emphasis was on providing, in special schools, an education that was relevant to their street lifestyle, and providing a sense of participation in something useful and constructive. These ideas, largely the work of Richard Cloward, came to Washington with the Kennedys and in due course were explicitly expressed in the Office of Economic Opportunity (OEO) legislation, calling for "maximum feasible participation" for the poor in local operations of the program. There was much skepticism and opposition to the idea. None of the attacks was as strident as Daniel Patrick Moynihan's book, *Maximum Feasible Misunderstanding*. Moynihan ridiculed the whole idea of involving the poor in an effort to solve the problem of poverty; how could one expect *them* to resolve a complicated situation that had baffled the best efforts of professionals for generations? The purpose of the Act, he said, should be to aid people, not to help them engage in politics.

Predictably the maximum participation rule was a point of conflict in the OEO operation; some communities developed systems for participation and they worked with mixed results. Often the professionals and the local poor fought battles over control of the operation of the local project. In still other places the local political leaders were apprehensive about giving any significant power to the poor. In the eyes of politicians, any organization with a political potential should either be dominated by city hall or rendered impotent. Eventually Congress modified the law to give local politicians ultimate control over local OEO operations.

Although the history of the War on Poverty has yet to be written, the scattered returns indicate that the attempt to mandate participation by legislation did not prove successful. Whether longer use of the antipoverty program might have led to more effective participation by the poor we shall never know, for the program fell victim to the Vietnam War, which absorbed the money that might have gone to continuing the OEO operation.

Finally, there was during the 1960s and 1970s a variant on the ideas of decentralization and maximum participation. This was the rediscovery of the idea of neighborhood political organization. With this scheme, power would be located at the neighborhood level because, so it was argued, only there could local concerns be decided in a genuinely democratic way. The value of local determination was in part that it avoided the problem of representation—or of misrepresentation—of local needs. An elected representative may decide matters for con-

stituents in light of his or her own choices and in response to pressures brought to bear from forces that are remote and certainly not responsive to local people. In an effort to find a midpoint between direct democracy and representation, the scheme was floated to establish numerous neighborhood councils and "little city halls" in cities around the nation. These local councils were largely concerned with planning and development decisions—that is, they won the opportunity to review projects before things had gone so far toward acceptance that no local force was likely to be able to turn them back however destructive they might seem to local residents. They also served as complaint centers regarding public services.

These ideas received powerful support from Jane Jacobs. In 1961 she argued in her book on the American city that it was imperative to have neighborhood councils to allow local people some say about what was to be done to their neighborhoods—particularly concerning planning and physical development.<sup>2</sup> Although critics warned that neighborhood government would proliferate the number of local bodies and make coordination extremely difficult, the defenders of the idea responded that the risk was a necessary one if there was to be real democracy. Progress toward developing such neighborhood-level government has, however, been very slow in coming. In New York, for example, a progressive mayor, John Lindsay, made a stab at local democratization but abandoned it in the end for more "elitist" approach—doing what was "right" for the city in a "rationalist" manner, but abandoning the beginnings of local democratization.<sup>3</sup>

**D**iscussion of the difficulties in achieving significant democracy at the community level seems inevitably to lead to the paradox mentioned at the outset of this essay. On the one hand, if power is to be exercised directly by the people, it will have to be at the local level, for the complexities of the nation state are not manageable through direct democracy. But if power is devolved to the lowest levels, the financial resources necessary to govern are often lacking. In the absence of resources local authority can do little, but if power is centralized the will of the community cannot be expressed clearly or consistently. If the central government finances local operations, strings will inevitably be attached. To expect a representative system to allow people to rule themselves is to overlook a crucial consideration: the economic and political power of wealth.

That, it seems to me, is the real issue of centralization and decentralization. To argue the question as if it were primarily a matter of government structural

<sup>2</sup> *The Life and Death of American Cities* (New York: Alfred A. Knopf, 1961).

<sup>3</sup> On New York City's abandonment of local participation see Andrew J. Polsky, "New York City: Managing Without Democracy," *democracy* 1, no. 3 (July 1981): 109-22.

arrangements and the location of jurisdictional boundaries among governments is to fail to perceive the complexity of the paradox of local democracy and central authority and resources. What transcends the structurally focused discussion is the power of corporations that override governmental concerns. If we sought to give power to the people in central cities and devised governmental structures to enhance their role and influence, the probable consequences would be minimal so long as corporate power over the economic and social conditions of people continued unabated. That is to say, although politicians go on about how they *understand* how to reduce unemployment, and how their experience in business has equipped them to *do something* about bringing new jobs to a constituency, the truth is that elected officials in cities and states have little opportunity to change the forces that determine the well-being of their districts. For those who make and eliminate jobs are not for the most part in government but often command government from the outside. Note the steps that were taken when cities got into fiscal trouble in the 1970s; bankers, corporation heads, and lawyers were authorized to put the city's finances back in order, usually making the poor pay for the restoration of solvency.

If one wants to enhance the power of the people in all seriousness, a way will have to be found to overcome the force of corporate power that determines the opportunities of the city's poor population. As we have said, one of the first discoveries that black politicians made when they took over local governments was how limited were their opportunities to do anything significant about the most crushing disadvantage of their black constituency: enduring poverty. This is no resolution of the paradox of local versus central powers, but it does suggest that discussing the problem as if it were strictly a political or governmental-structural one is not going to get us anywhere.