CHAPTER 2

Swimming against the Tide

A Brief History of Federal Policy in Poor Communities[1]

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Community development is a time-honored tradition in America's response to poverty, but its meaning remains notoriously hard to pin down. The term has come to encompass a large number of different place-targeted interventions that have never quite added up to a coherent, comprehensive strategy. Nor have efforts to establish a federal community development policy been of much help. Instead, the historical evolution of policy has been disjointed and episodic, starting from ideas that first emerged in private, local reform efforts during the Progressive Era, moving through an extended period of federal experimentation from the New Deal to the Great Society, and devolving to an emphasis on local, public–private initiative beginning in the 1980s. The result has been a sizable collection of short-lived programs, which seem continually to replicate, rather than learn from, what has been tried in the past. Federal community development policy is notorious for reinventing old strategies while failing to address the structural conditions underlying community decline.

And yet, the push for place-based policy continues, as it has for the better part of the past 60 years. No doubt this has something to do with the geographic basis of political representation: naturally, members of Congress will support programs to stem decline and depopulation back home. In the wake of ghetto uprisings since the 1960s, federal aid for community development has also become a political quick fix, a palliative for communities on the verge of revolt. Equally important in keeping the idea alive has been a loosely organized grouping of grassroots activists, neighborhood groups, community-based providers, national "intermediary" institutions, and philanthropic foundations, a kind of community development movement that has made a business of improving poor places as a way of helping the poor. Geographically dispersed and internally conflicted though it may be, this movement has been largely responsible for keeping the idea of community development alive. It has had a significant effect on the shape of federal initiatives in poor communities and, despite recent decades of worsening local conditions and government retrenchment, it shows little sign of going away.

HISTORICAL PATTERNS IN FEDERAL POLICY: CONTINUITY AMIDST CHANGE

At first glance it may seem there is little to learn from a history of policies with origins in the New Deal political order. After all, policymakers are operating in a much circumscribed environment, now that the era of big government is over. And poor communities are struggling against much steeper odds in a globalized economy that values mobility and flexibility more than place. But the plight of poor communities does have instructive historical continuities. Like the abandoned farm communities and industrial slums of an earlier era, the depressed rural manufacturing towns and jobless inner-city ghettoes on the postindustrial landscape represent the products of economic restructuring and industrial relocation, of racial and class segregation, and of policy decisions that have encouraged these trends. The historical record also points to recurrent patterns within community development policy, which help explain its limitations in combating the underlying causes of decline.

First, government works at cross-purposes in its treatment of poor places. Small-scale interventions are intended to revive depressed communities while large-scale public policies undermine their very ability to survive. Nowhere are these policy contradictions more clear-cut and familiar than in the case of central cities, which were targeted for limited amounts of assistance and renewal beginning in the late 1940s even as more substantial federal subsidies for home mortgages, commercial development, and highway building were drawing industry, middle-class residents, and much needed tax revenues out to the suburban fringe. Rural farm communities faced a similar plight during the Depression and post-World War II years, when federal aid for local readjustment paled in comparison with support for the large-scale mechanization, commercialization, and industrialization that transformed the agricultural economy.

More recent community-based interventions have also been undercut by economic policy, which has favored flexible, deregulated labor markets and left communities with little recourse against wage deterioration and industrial flight. Public policy was similarly instrumental in the intensification of racial segregation in residential life by encouraging redlining practices in mortgage lending agencies, maintaining segregationist norms in public housing projects, and by uneven commitment to the enforcement of federal antidiscrimination laws. Thus, having encouraged the trends that impoverish communities in the first place, the federal government steps in with modest and inadequate interventions to deal with the consequences—job loss, poverty, crumbling infrastructure, neighborhood institutional decline, racial and economic polarization—and then wonders why community development so often "fails." In its attempts to reverse the effects of community economic and political decline, federal policy has been working against itself.

A second pattern is that while the historical record is replete with examples of place-based strategies, they have always occupied a marginal position in the nation's antipoverty arsenal. In part this is because investing in declining communities runs counter to the dominant conventions of social policy analysis, which since at least the 1960s have been based on economic concepts and norms. Place-based policies are inefficient, even quixotic, according to conventional economic wisdom, in comparison with policies emphasizing macroeconomic growth, human capital, and individual mobility. Community investment also goes against the individualized model of human behavior underlying policy analysis, which presumes that people are principally motivated by rational self-interest in making life decisions. For those stuck in places with little hope of revival, the more rational choice is out-migration, according to economic calculation. Thus policy should promote "people to jobs," not "jobs to people" strategies. The analytic framework further denigrates community development for its inability to define and achieve clear-cut quantifiable goals and outcomes. After all, "building local capacity," "mending the social fabric," "cultivating indigenous leaders," and, most of all, "encouraging community empowerment" are amorphous objectives and difficult to measure. Nor does community development come out well in traditional cost–benefit analysis. Among other things, it takes time and experimentation, and its benefits are largely indirect.

Opposition to place-based programs is not simply analytic however; it is grounded in politics and ideology as well. Community development meets continual resistance from those reluctant to interfere with the "natural" course of economic growth. It has also generated animosity among local politicians when it threatens to upset the local power base. And the debate over investing in place versus people has become artificially polarized in the politics of fiscal austerity since the 1970s. In a system structured principally to meet the needs of families and individuals, place-based programs have routinely lost out.

A third pattern in the movement advocating federal community development policy has been its reliance on unlikely or tenuous political alliances for support. In 1949, advocates of public housing reluctantly lined up with downtown real estate developers to help pass urban renewal legislation, an alliance that proved disastrous for poor and minority neighborhood residents. Several years later, policy analysts in the Budget Bureau joined forces with a group of activists, philanthropists, and social scientists to make "community action" the centerpiece of the War on Poverty, only to discover that they had widely varying definitions of action and, especially, of "maximum feasible participation" in mind. Community development corporations took the idea from anticolonialist, anticapitalist ghetto activists and remolded it into a form of "corrective capitalism" with government and foundation support. When forged at the local level, these types of alliances have been praised as expressions of community-based consensus. At the national level, however, they reflect a basic political reality: the most likely constituency for community development policy—the resident base—is mobile, unorganised, and, especially as the two major parties compete to capture the suburban vote, diminishing in political power at the national level. Building national coalitions for change, then, has been a continual process of compromise with interests outside the community, often at the expense of the residents that community development seeks to assist.

A fourth pattern is that precisely because they cut across so many different policy domains, community development policies have suffered more than most from administrative fragmentation and bureaucratic rivalry. Even when administered by a designated community development agency, federal initiatives have drawn most of their funding from scattered sources, ranging from the Department of Housing and Urban Development to the Department of Defense, each with its own bureaucratic culture and priorities, and each eager to protect its turf.

This administrative fragmentation, to some extent a characteristic of the federal welfare state, also mirrors divisions within the community development movement. Integrated services, planning and economic development, infrastructure rehabilitation, and political organizing might in theory complement one another, but in reform circles they have historically been promoted as alternative if not competing strategies. Urban and rural development networks have also operated along separate intellectual and bureaucratic tracks, a division that has been heightened by the increasingly urban bias in antipoverty thinking throughout the postwar years.

A fifth pattern is that the American government is both federalist and associationalist in its way of meeting community needs. It relies on a complicated and shifting mix of national and local, public and private, legislated and voluntaristic activity to carry out its objectives. This method is often justified in practical terms, in acknowledgment that no single blueprint can possibly respond to the widely varying needs of American communities and in the hope of tapping into the rich voluntary tradition for which the United States is famed. But it also reflects ideological convictions about the proper role of the state in social provision: government power should be limited, private and market mechanisms are more efficient and always preferable to public mechanisms, and local government is more democratic and responsive to popular preference and needs. The role of the state, in the associational ideal, is not to provide directly but to work in what Presidents Hoover, Carter, and Clinton have celebrated as partnerships with businesses, volunteer groups, neighborhood associations, nonprofit organizations, and local governments to achieve the common good.

The reality, however, has been an interdependency and blurring of the lines between public and private, and a complicated system of public, private, local, state, and federal funding arrangements for communities in need. These arrangements in turn demand savvy grantsmanship—the entrepreneurial capacity to work the system—and flexibility. They also, in deferring to private sector provision and local practice, leave objectives such as equity, redistribution, and racial integration largely unaddressed.

A sixth pattern is that in its treatment of poor communities federal policy has operated within the two-tiered system of provision that marks U.S. social policy. In this system poor communities, like poor individuals, are assisted through means-tested programs, while their wealthier counterparts are subsidized through essentially invisible, federalized, non-means-tested subsidies such as highway funds, state universities, home mortgage assistance, and tax preferences. Poor communities are targeted as places for public assistance—public housing, public works, public income provision—while the middle class is serviced by nominally private but heavily subsidized means. Thus the retreat from the public in all walks of life has been doubly dangerous for poor communities. It has brought not only a loss in funds but the stigma of having been designated as "public" spaces in a society that equates "private" with quality and class.

Finally, despite its race-neutral stance, community development policy has continually been confounded by the problem of race. Minorities were routinely excluded from the local planning committees established in early federal redevelopment legislation, and their neighborhoods were the first to be bulldozed as a result. The programs of the 1960s were subsequently caught up in the politics of racial backlash. Race is deeply embedded in the structural transformations that beset urban and rural communities as well. Poverty and unemployment are more concentrated in minority than in white neighborhoods, and poor minorities are more likely to live in high-poverty areas than are poor whites. Yet race is rarely explicitly acknowledged in community development policy, and then only when it can no longer be avoided: within the confines of racial uprising and violence in the late 1960s and again in 1992.

One lesson from historical experience, then, is that community development policy has been undermined by recurring patterns in the structure of policy. Internal contradictions, marginalization, weak political coalitions, fragmentation, associationalism, second-tier status, and institutionalized racial inequality have kept community development policy swimming against the tide. As a closer look at the historical record will show, these patterns are not the product of immutable ideological or structural forces but of the political processes through which policy choices have been negotiated and made. Many can be traced to the very beginnings of the community development movement in the decades before place-based policy had become a part of the federal welfare state.

Progressive Roots

Although officially initiated in the 1930s, federal assistance to poor communities drew from principles and theories that had their beginnings in Progressive Era social science and reform. And from this period emerged the guiding assumptions and principles of place-based reform, many of which have been revised and repackaged in succeeding generations of community initiative.

One principle is that social interventions should be comprehensive, and address the entire array of problems facing poor people rather than focusing narrowly on poverty as an income problem requiring cash relief. The model for this approach in the late 19th and early 20th centuries was the neighborhood settlement house, where low-income immigrant families could find services, job references, educational and cultural uplift programs, and, most important, all the moral and social benefits thought to derive from interaction with middle-class "neighbors" or volunteers. Comprehensiveness also informed efforts to improve physical conditions in poor neighborhoods through clearing slums, building model tenements, and creating playgrounds and parks. Although they were more narrowly construed than the settlement house movement, these early housing and neighborhood improvement reforms started from the same basic premise: poverty was not an isolated individual pathology but an all-encompassing social condition which led to delinquency, crime, vice, family disintegration, and other forms of social disorganization that characterized urban industrial slums. Fixing the environment was a way of breaking the vicious cycle of urban poverty and physical decay. It would also, not coincidentally, help to protect and preserve the social peace.

For some Progressive reformers, efforts to improve neighborhood conditions were part of a broader agenda that included wage and regulatory reform. For the most part, however, settlement workers and tenement house reformers were more narrowly interested in physical and social rehabilitation, which they believed to hold the key to assimilating urban migrants into the economic, social, and cultural mainstream. The reformers acknowledged that immigrant neighborhoods served a vital function as a steady source of low-wage labor in the urban economy and were a kind of staging ground from which urban newcomers would advance into the American way of life. This assimilationist framework anticipated the social scientific concepts associated with the Chicago School of urban sociology and eventually became absorbed into the canons of policy thought. It was also based on assumptions about the nature of neighborhood change: that it is part of organic or natural economic growth occurring outside the realm of political choice, that it is part of a similarly organic ethnic succession as immigrants assimilate into the mainstream, and that social disorganization, isolation, and community competence are expressions of group adaptation, or lack thereof, to the economic and social demands of urban life.

This perspective had important implications for reform: the objective should not be to change individuals or even cultural practices so much as to establish effective social systems of integration so that immigrants would have access to the opportunities and cosmopolitan influences of the urban mainstream.

A second major principle with Progressive Era roots is that community interventions should be planned in collaborations between experts and citizens. Searching for a middle way between laissez-faire capitalism and state socialism, planners used a combination of technical expertise and citizen consultation in efforts to regulate or control urbanization and economic change. Such efforts were first manifest in the "comprehensive city planning" movement of the 1910s and 1920s. The architects, intellectuals, philanthropists, and engineers who pioneered the movement developed physical blueprints for the total urban environment that were meant to strike a balance between the demands of commercial, industrial, and residential well-being. Thinking of themselves as stewards for the interests of the community as a whole, the planners routinely looked to advisory boards of leading citizens (heavily chosen from business elites) to approve or help promote their blueprints, but rarely for advice on the plans themselves. In later years federal community development efforts would attempt to build on this model for local participatory planning, with equally limited representation of community residents.

A third principle that has informed community intervention since the Progressive Era is citizen or resident participation. By far the most troublesome and controversial concept in the history of community-based reform, participation has been interpreted in sometimes dramatically different ways. For settlement house workers and planners, resident participation was a way of improving and educating the poor while discouraging dependency by engaging them in local self-help activities. This idea of involvement later came under fire, however, from critics who charged that it treated local residents as passive and incapable, and used participation as a tool for co-opting them into conforming to the reformist vision of change.

The idea of local participation tapped into a more radical vein when expressed as a movement for indigenous control and self-determination. In the Chicago Area Project, a community-based anti-delinquency initiative that grew directly out of the research of the Chicago School, organizers employed workers from troubled neighborhoods as a direct challenge to social work professionals and outside expertise more generally. The project was governed by a neighborhood council, exclusively composed of local residents, who took control of setting the agenda and mapping the strategy for community change, calling on experts when the community determined it was warranted. In this concept of indigenous participation, soon to be embodied in Saul Alinsky's Back of the Yards Neighborhood Council, the natural and by implication more legitimate form of leadership came from within. This model of resident autonomy was also incorporated in the movement for worker-run housing in the 1930s, which reached its peak with the creation of the Labor Housing Conference, a national advisory organization with a substantial grassroots network.

These two models of participation, the one emphasizing mere involvement and the other self-determination and control, would remain a continuing source of controversy and confusion in the federal interventions to come.

The core principles of community development policy first emerged, then, during the Progressive Era, a time of economic restructuring and demographic transformation equal in scale to our own. Just as important for the community development movement is to see how these principles have endured, despite the many unresolved tensions and, especially in retrospect, evident limitations within Progressive Era community reform. The tensions between private provision and public intervention, grassroots planning and outside expertise, resident participation and indigenous control continued to cause contention, even polarization, within the movement throughout subsequent decades of reform. More troubling are the limitations within the Progressive vision, which also endured in the later community development movement. First is its nearly exclusive focus on environmental improvements to the neglect of the underlying problems of poverty, low wages, poor labor market conditions, and lack of political power. Second, it almost completely avoided the problems of racial exclusion and interethnic conflict, even as the first large-scale migration of blacks from the rural South was transforming the cities that gave shape to the concepts and strategies of place-based reform. Housing reformers and settlement house workers confined their efforts to the white immigrant population. Meanwhile, the presumably race-neutral instruments of Progressive reform, such as zoning and participatory planning, were systematically used to reinforce local segregationist norms. Community development, at least in the sense of what gained quasi-official recognition from foundations and policymakers, remained a largely segregated enterprise until the 1950s and 1960s, a reflection not only of the segregated spaces within which communities were forming, but also of the segregated world of reform.

FOUNDATIONS OF FEDERAL POLICY: THE NEW DEAL AND BEYOND

The Roosevelt administration's New Deal made a massive investment in shoring up distressed communities with direct job creation, public works, and infrastructure building, while also recognizing the plight of displaced rural communities with land distribution and planned resettlement. At the same time, the New Deal also laid the foundations for an indirect form of community development in two of its most far-reaching measures: the mortgage insurance system that would later help underwrite the postwar suburban housing boom and the investment in regional economic modernization that would transform the political economy of the South. By the end of the New Deal these hidden forms of federal community investment were on the verge of major expansion, while most of the direct job creation, public works, and resettlement policies had either fallen to opposition or been allowed to die. In their stead was the combination of public housing assistance, cash grants and services, and localized planning that would constitute the foundation for federal aid to poor or declining communities for the next four decades.

Perhaps the most significant New Deal measure in terms of future community policy was not specifically place oriented at all. The Social Security Act of 1935 established the basic approach to social welfare provision that would regulate the federal approach to communities as well: individualized and income oriented. This strategy implicitly rejected the environmentalist efforts of the community reform tradition. Despite a network of social work professionals in New Deal agencies, services were relegated to a relatively minor position in the Social Security Act. From the start, then, the federal welfare state created a fragmented administrative structure for providing cash and services and set up hurdles that future reformers would perpetually try to overcome.

In its reluctance to interfere with private markets, the Social Security Act also set the pattern for federal aid to communities. The Roosevelt administration was eager to work within and undergird the private enterprise system and, above all, to get the federal government out of the business of job creation and direct relief. Perhaps most important, the Social Security Act set the pattern for the two-tiered structure of federal social provision: on the top tier, a federalized, contributory, non-means-tested social insurance program for protection against income loss in old age and unemployment; on the bottom, a localized, means-tested system of public assistance for poor women and children. Poverty, whether addressed at the individual or community level, would hereafter be treated separately from the problems of old age and unemployment.

A second New Deal measure, the Housing Act of 1937, created the basis for public housing, a mainstay of federal assistance to poor communities for decades to come. It also established a complicated political infrastructure for housing programs, based on an uneasy mixture of private profit and public purpose that reflected the administration's hope of achieving several not always compatible goals at once. One, shared by most New Deal programs, was to put the unemployed to work. Federal housing programs were also used for slum clearance, which made them appealing to urban developers but generated criticism from advocates for the poor. Federal construction projects administered by the Public Works Administration managed to serve both goals directly, creating thousands of government jobs on construction sites located in cleared-out slum areas.

With the Housing Act of 1937 the administration moved from direct government provision toward a more decentralized system of market subsidy and local control. It also incorporated another major goal: stimulating the private construction industry. Under the terms of the legislation, local housing authorities were created to issue bonds, purchase land designated for slum clearance, and contract with private builders to construct public housing. Thus they provided the public with affordable housing, the unions with jobs, and the construction market with a subsidy from the federal government. Local real estate developers soon found that they, too, could get in on the benefits of public housing. They recognized that federal funds for slum clearance offered a rich public subsidy for potentially valuable downtown real estate that could be developed for more profitable purposes. Thus, by the end of the 1930s, public housing was tied into a broad-based constituency that included labor, urban interests, and reform groups as well as private builders and developers. Meanwhile, by tying public housing almost exclusively to the goal of slum clearance and leaving locational decisions up to local initiative, the act essentially guaranteed that public housing would remain concentrated in central cities.

The overarching goal of New Deal housing policy, however, was to promote homeownership among working- and middle-class Americans, a goal it achieved largely at the expense of poor and minority city dwellers and the neighborhoods they inhabited. In 1933 the Roosevelt administration created the Home Ownership Loan Corporation (HOLC) to protect homeowners from the threats of foreclosure and high interest rates. In 1934 homeownership got a bigger federal boost when President Roosevelt signed legislation creating the Federal Housing Administration (FHA). By insuring long-term loans made by private lenders, the programs stabilized the home mortgage insurance market, made mortgages and home improvement loans more accessible to the middle and working classes, and provided a permanent stimulus for the private housing market. The benefits of these policies did not extend to slum dwellers, however, or to families with incomes too low to meet even subsidized mortgage requirements. Blacks and other minorities were also systematically excluded through officially sanctioned redlining, neighborhood covenants, and other forms of discrimination.

The New Deal established the foundations for federal aid to declining communities, but its legacy was decidedly mixed. For the next several decades politicians concerned about community deterioration could look to federal housing and planning programs for local rebuilding and development. New Deal policy also forged the political alliances that would help keep those programs alive. Perhaps most important the New Deal linked its efforts at local economic revival to the creation of stable jobs at decent wages. At the same time, New Deal policies laid the basis for a growing political, economic, and racial divide between middle-class and low-income communities. The insurance policies created by the Social Security Act provided economic security for millions. Mortgage subsidies put homeownership within popular reach. Their benefits were substantial but largely hidden, and they enjoyed a legitimacy that publicly subsidized welfare programs could never hope to achieve: social security because its benefits were partly financed by individual contributions; mortgage assistance because its benefits were mediated through the private market.

These benefits were simply unavailable to millions of marginally employed workers, tenant farmers, and minorities, who instead relied on visible, public, and regularly contested sources of federal support.

FROM SLUMLESS CITIES TO AREA REDEVELOPMENT: AID TO COMMUNITIES IN POSTWAR PROSPERITY

During the postwar decades the federal government made two massive investments in community development. Both relied on expansion of the hidden forms of federal subsidy initiated during the New Deal. One was the growth of suburbs, with the help of highway funds, business tax incentives, and homeownership subsidies now extended to returning war veterans as well as other groups. The other was the continued investment in defense and related industry that transformed once underdeveloped regional economies, particularly in the South. By the late 1950s the American suburb was the symbol of prosperity, while budding high-technology centers promised the triumph of American know-how during the cold war.

There were serious problems beneath the veneer of prosperity, however. Beginning in the 1950s, analysts raised fears that the distressed areas in America's older cities and rural communities were becoming permanent "pockets of poverty." Working within the New Deal policy framework, the federal response to these communities revolved around housing, local redevelopment, and subsidies for private industry, without significantly redirecting market forces. This response was reflected in two programs: urban renewal and area redevelopment, whose limitations contributed to the upsurge in community-based activism and reform in the 1960s.

Urban renewal came about in response to what journalists, academic urbanologists, and planners were beginning to refer to as a "crisis of metropolitanization" in the 1940s and 1950s. The combination of industrial decentralization, property blight, middle-class out-migration, and minority-group in-migration was changing the face of postwar cities, they warned, while newly incorporated suburbs were reaping the benefits of metropolitan growth. Municipal governments were powerless in this situation because they lacked the capacity to annex or to tax beyond their limited jurisdictions. One answer was to expand federal assistance for slum clearance, housing construction, and redevelopment in blighted inner cities. Urban Renewal, as the policy established by the Housing Act of 1949 came to be known, promised to clear out the slums and revive the downtown economy by attracting new businesses and middle-class residents back to the urban core. Urban rebuilders also aggressively sought out federal subsidies for highway building, thinking to make the city friendlier to the age of the automobile along the way.

The strategy behind urban renewal emerged out of negotiations among public housing advocates, private builders, big-city mayors, and real estate developers who had been active in debates over the 1937 Federal Housing Act. Crucial to its operation was eminent domain, the power to amass land tracts for slum clearance, which the courts had determined was reserved for localities. Since 1937, eminent domain had been exercised by local housing authorities, which would buy or reclaim land and then contract with private developers to construct public housing. Following the Housing Act of 1949 it was exercised by local redevelopment authorities for purposes that went well beyond housing. In the debates leading up to passage of the act, developers lobbied for and won generous federal subsidies (two-thirds of the costs) of local land acquisition, and also demanded the flexibility to use reclaimed land for nonresidential purposes—all in the name of reviving the ailing downtown economy for the greater good of the community. Although skeptical of the motivation of developers, the public housing advocates were willing to go along with the arrangement as the price they had to pay for getting a public housing bill passed. They came to regret this decision, or at least their own failure to get enough in return. The 1949 legislation specified that a designated proportion of cleared land be used for residential purposes and that the bill include provisions for relocating displaced residents to "decent, safe and sanitary housing." In subsequent amendments the balance between housing construction and redevelopment was steadily shifted to the latter as Congress loosened the requirement that cleared land be used for housing construction. Evaluation studies also confirmed that requirements to help the displaced relocate were barely enforced.

By the late 1950s, public housing advocates had come to see the program as little more than a generous public buyout of land for private real estate interests. Among black urban residents, it became widely known as "negro removal." Highway building projects brought similar results, consistently displacing or breaking up low-income neighborhoods and encouraging rather than stemming the middle-class migration to the suburbs. After a decade, one conclusion was hardly contested: urban renewal was a boon for private developers and for the mayors who brought in the federal funds, and an unmitigated disaster for the poor.

While urban renewal focused on the blight brought about by decentralization and physical decay, the Area Redevelopment Act (ARA) of 1961 addressed joblessness in communities left behind by economic modernization and structural change. From the perspective of structural unemployment, depressed communities were suffering from a surplus labor problem, which, because it derived from macroeconomic shifts, demanded a coordinated national response. Furthermore, in the absence of federal resources and planning, state redevelopment agencies were simply competing with one another to lure existing businesses with the promise of tax breaks and cheap labor. The idea behind ARA, then, was to subsidize new job opportunities in declining communities. Watered down from five years of congressional negotiation, the final bill allocated only $375 million for four years, spread its resources to more than 1,000 urban and rural communities, and offered no leverage for regulating wage scales and benefits.

Once off the ground the Area Redevelopment Administration was subject to nearly continuous ridicule and attack as a Democratic party pork barrel. It also came under fire for some highly visible mistakes, such as funding enterprises that were nonunion, racially segregated, or simply not likely to survive. Having produced what by its own admission were limited results, the program was shut down in 1965 and replaced by the Economic Development Administration, which shifted the focus of policy to rural infrastructural development and regional planning. In at least one respect, the ARA did represent a significant step in the federal approach to community development. Alone among federal programs, it focused on economic change and structural unemployment as the sources of community decline and recognized the plight of labor surplus areas that, without a national development strategy, were forced to compete against one another to attract industry and jobs.

Urban renewal and area redevelopment had few defenders and many critics by the time their results were apparent. For some, they offered classic examples of what went wrong when government tried to interfere with the workings of a perfectly adequate free market system and the basic fallacy of trying to save doomed communities when migration was the better response. For others, they revealed the flaws in what amounted to a trickle-down strategy for helping the poor. Still others could see them principally as failures of planning: too much bricks and mortar and too few services, too little coordination across the various agencies involved, or too little representation for the poor. Underlying all these critiques were questions about the assumptions embedded in the New Deal policy framework: that slum conditions were the cause rather than the consequence of poverty, that private profit could be made to work for public ends, and that communities, left to their own devices, would voluntarily create plans that would represent the interests of the poor. For all their internal flaws, however, the real problem for postwar programs to aid declining communities was that they were undercut by the more powerful trends public policy was doing so much to encourage. With the federally paved march to the suburbs at full tilt and programs of rural modernization well under way, central cities and rural towns were continuously losing population, revenues, and the hope of survival.

COMMUNITY ACTION, MODEL CITIES, AND THE SPECIAL IMPACT PROGRAM

Federal aid to communities entered a new phase in the mid 1960s, turning from the bricks-and-mortar focus of urban renewal to the "human face" presented by the problems of urban economic decline and from upholding the segregated norms of local residential patterns to a more forthright integrationist agenda. Supporting these policy shifts was an upsurge in liberal activism at the national level, which reached a height in the declaration of the War on Poverty by President Lyndon Johnson in 1964. Organized citizen activism was also on the rise, much of it inspired by the gains and innovative strategies of the civil rights movement throughout the 1950s and 1960s. Later in the decade, liberal policies also became caught up in the social turmoil of antiwar protest and racial unrest, symbolized nowhere more powerfully than in the use of federal troops to quell violence in the nation's ghettos. The popular imagery of poor places had taken on a new, more urban, and minority face by the late 1960s.

It was thus in a context of federal reform, citizen action, social protest, and heightening racial tension that the Johnson administration launched a rapid succession of federal programs and demonstration projects with the goal of comprehensive community renewal. These programs, including Community Action, Model Cities, the Special Impact Program, and an array of neighborhood-based service programs, attempted to push federal community policy beyond the New Deal framework by using federal power to alter existing political, economic, and racial arrangements in poor communities.

A centerpiece of the War on Poverty, the Community Action Program (CAP), was created during an intensive period of planning leading up to the Economic Opportunity Act of 1964, but the thought and action that gave it shape had been emerging at the local level for several years. Three local-level developments—relating to urban renewal, foundation-funded reform, and the civil rights movement—were of particular importance.

Urban renewal left a paradoxical legacy for liberal policymakers, for even as it bulldozed and undermined poor neighborhoods it strengthened local capacity for the planning and grantsmanship cities would need to survive. In its own response to the postwar "crisis of metropolitanization," the Ford Foundation had invested in an ambitious program to build up local urban expertise, including grants to universities for urban extension services and training programs. The fruits of this confluence of philanthropic interest and official demand were apparent in cities such as New Haven, Boston, Detroit, and Pittsburgh. Having successfully raised foundation and federal money for renewal in the 1950s, these cities were among the first in line for community action grants. The experience of urban renewal was also important in convincing liberal planners, social scientists, and federal housing bureaucrats that the problem of urban poverty went beyond housing to include the services, opportunity structures, and political representation available to the poor. Local organizing around renewal was by no means confined to official circles, however. Opposition among low-income residents to local redevelopment plans was crucial in laying the groundwork for more expansive local activism in the later 1960s. When planning for community action, liberal officials and local activists could agree on at least one major point: if community development were to work for the poor, the local status quo would have to be shaken up.

The new Community Action Agencies were required to ensure the "maximum feasible participation" of the poor. They could also, much to the dismay of local politicians, be organized outside official government channels. Ultimately, the hope was to stimulate more permanent reform of the local bureaucracy while engaging the poor in their own rehabilitation. Acting in concert with the spurt of economic growth and employment economists anticipated from the tax cut of 1964, CAP was to break down what planners thought of as barriers to prosperity for America's poor.

CAP was initiated in a burst of activity and enthusiasm that was almost as quickly halted by the political controversy it caused. Suddenly denied direct access to the federal funding pipeline, urban mayors, whose loyalty was crucial to the Democratic party, threatened to revolt, earning CAP the enmity of Lyndon Johnson. Infighting among local organizations for control of antipoverty funds hurt the cause even further, and the meaning of "maximum feasible participation" remained subject to debate. CAP then suffered devastating blows in the summer of 1965 when the Conference of Mayors threatened to pass a resolution against it and congressional opponents claimed that the program was responsible for the racial uprising in the Los Angeles neighborhood known as Watts. Dissatisfaction also welled up from communities. Despite its innovations in services and service delivery, CAP could not deliver one badly needed ingredient for development: jobs for the residents of the low-income neighborhoods it served. The Johnson White House continually rejected proposals for a targeted job creation program for ghettos on the grounds that it was unnecessary and, as spending for the Vietnam War escalated, too expensive. Instead, seeking to stem its political losses and prevent further "long hot summers" like that in 1965, federal policymakers responded with two additional programs: Model Cities and the Special Impact Program, which were aimed principally at communities with concentrations of poor minorities.

On one level Model Cities was an attempt to make up for the failures of federal antipoverty initiatives: it combined services with bricks-and-mortar programs while giving control of local planning to city officials, thus avoiding the political liabilities of CAP. But Model Cities was also part of a long-standing movement involving urban legislators, liberal philanthropists, social scientists, and labor officials to establish a national urban policy. Despite several legislative setbacks, this movement achieved a major breakthrough with the creation of the Department of Housing and Urban Development (HUD) in 1965.

Emerging from the administrative task force appointed to create a blueprint for the new agency, Model Cities brought together many of the ideas that had been operating in the foundation experiments of the 1950s and early 1960s. The plan called for massive slum clearance to make way for the most up-to-date design and technology in construction. It also envisioned a more integrated healthy environment in the inner city, with a full array of public and private services for a mixed-income base of residents. But the Demonstration Cities and Metropolitan Development Act was passed in 1966 with a more circumscribed mission. More narrowly targeted on poor inner-city neighborhoods, it relied on the familiar mechanisms of local planning and federal agency coordination for a comprehensive attack on physical, social, and economic problems. The legislation called for the creation of local demonstration agencies under direct supervision of the mayor's office and made them eligible for existing federal human service, job training, housing, and infrastructure-building programs on a priority basis. The demonstration cities were also eligible for grants and technical assistance to generate redevelopment plans in poor neighborhoods. Participation by the poor was strongly encouraged but not directly supervised by federal authorities. Nor was there any designated agency with authority to enforce cooperation and coordination among agencies at the top. In a repeat of previous experience, even this limited plan was watered down in the legislative process.

While the administration task force was working behind closed doors to grapple with the physical and social revitalization of poor urban neighborhoods, Senators Robert F. Kennedy and Jacob Javits were conducting highly publicized hearings on America's looming urban crisis, a term that had become virtually synonymous with the ghetto and the fear of racial violence it provoked. Pitched as an inquiry into the full range of urban needs, the hearings were designed to draw attention to what the administration seemed to de-emphasize in its own service-oriented programs: the absence of jobs in the inner cities. The hearings also helped lay the political groundwork for an initiative that had started with Kennedy's visit to Brooklyn's Bedford-Stuyvesant neighborhood in late 1965: amending the Economic Opportunity Act to create the Special Impact Program.

In its statement of objectives SIP resembled a streamlined version of the ARA. Its basic idea was to revitalize poor communities, primarily through economic development but with an intensive component of services and training as well. SIP was more specific about its geographic target, however: neighborhoods characterized by high concentrations of poverty and "tendencies toward dependency, chronic unemployment, and rising community tensions." And, unlike the ARA, which funneled its loans and grants through separate bureaucratic channels, SIP proposed to put development funds in the hands of the communities themselves. It provided block grants to community-based organizations, which would in turn design, finance, and administer their own comprehensive development strategies.

SIP modeled its local activities on community development corporations (CDCs), organizations whose origins in the movement for black economic self-determination distinguished them from the more traditional small business orientation of the ARA. Such corporations had been cropping up in black urban neighborhoods for several years, and in the early 1960s some of the most prominent were linked to indigenous efforts to establish an alternative to white capitalist control. Under government and foundation auspices, CDCs were deradicalized and professionalized, and they developed a keener eye for the bottom line. It was in this form that the CDC movement expanded and diversified in the 1970s and became the central institution for local development. Setting aside $25 million for the first year, legislators expected that communities would work in partnership with the private sector to raise additional capital, create new neighborhood jobs, and invest in homegrown enterprises. The profits, in contrast to ARA's trickle-down approach, would then be invested directly in community improvement.

SIP's community development strategy got off to a rocky start. As the first community organization to receive funds under SIP, the Bedford-Stuyvesant Restoration Corporation provoked criticism and controversy when it established a parallel structure of corporations that dramatically, if unwittingly, replicated the very inequities the program was established to redress. One was run by blacks, community based, and designated to run the "inside" operations. The other was made up of prominent white business executives who signed on to generate private investment and deal with the "outside" financial world. The SIP program also met resistance from the antipoverty bureaucrats in the Johnson administration, who had invested most of their efforts in encouraging individual mobility and dispersal rather than local investment and development. Even CAP, for all its focus on strengthening local institutions, was primarily concerned with helping individuals and families to move up and out.

SIP program administrators encountered additional pressure from the OEO's research branch, which was dominated by economists with a taste for quantifiable program results and wary of the program's multiple, vaguely specified long-range goals. When judged according to traditional measures—the number of people lifted out of poverty—the program's impact appeared limited, or at best unclear. Nor could SIP-funded CDCs claim to have created a substantial number of new jobs. After a decade of federal and foundation funding, it was also apparent that CDC for-profit enterprises were not able to survive without reliance on outside, largely government, funding. Indeed, they had and would continue to enjoy most of their success in housing construction and real estate management, for which they, like commercial developers, relied heavily on government support. Thus the CDC movement was particularly vulnerable to government retrenchment during the 1970s and 1980s.

Despite the program's many setbacks and shifts, the ideas embraced in SIP did manage to produce important results. Within two years it had invested in 13 urban and rural CDCs, some of which are still operating. More generally, by pursuing neighborhood-based development as its central objective, SIP recognized the loss of local job opportunities that the next two decades of industrial dispersal would only make worse.

By 1967 the Johnson administration had amassed an array of policies aimed at poor communities: more, better, and integrated services; physical and human renewal; local economic development; community organizing; and empowerment. These policies in turn provided support for local activism and institution building, creating jobs and political opportunities for thousands of neighborhood residents and leaving community health centers, neighborhood service organizations, law centers, community development corporations, Head Start centers, and local action agencies in their wake. The initiatives also gave rise to a new network of nonprofit providers and intermediary organizations committed to community-based antipoverty intervention that would sustain the community development movement in decades to come. Expanding the scope of President Kennedy's antidiscrimination executive order, the Fair Housing Act of 1968 added another significant dimension to the federal capacity to combat place-based poverty.

For all their promise and ambition, however, the Great Society programs remained just that—programs—not a coherent community policy. They were too limited in scope and funding to alter the political inequities or combat the structural economic shifts that continued to segregate poor places as the "other America." Nor did policymakers overcome a basic ambivalence over whether their aim was to build up communities or help people leave them. The conflict between those two strategies would only become more sharply defined as local conditions deteriorated in the 1970s and 1980s.

THE ROOTS OF RETREAT: COMMUNITY POLICY IN THE 1970s

The 1970s brought dramatic changes in the economic and political context for community development policy. Unemployment and inflation rose sharply, while growth, productivity, and real wages stagnated.

Reviewing the prospects for urban revitalization at the end of the decade, President Carter's Commission on a National Agenda for the Eighties was bleak. The transformation to postindustrialism was "inevitable" and "ineluctable," its report began, "necessitating simultaneous painful growth and shrinkage, disinvestment and reinvestment, in communities throughout the nation." Developing a national policy for community revitalization was "ill-advised," the report concluded, because it would conflict with the overarching goal of national economic competitiveness. The prospects for national policy were further diminished by the politics of racial backlash, working-class resentment, and sentiment against big government, which moved the political center steadily to the right and undermined the New Deal urban–labor–civil rights coalition that had supported community development in the past. Equally important, changes introduced under the banner of Richard Nixon's New Federalism profoundly altered the infrastructure of policy, in effect abrogating the special ties between the federal government and poor communities that had been forged in earlier eras. The result of these changes was a renewed emphasis on localism, fiscal austerity, and neighborhood ethnic solidarity in community development policy. This emphasis was meant to broaden community policy's appeal to the white working class, but it also marked the beginning of a steady decline of federal government involvement.

Underlying these efforts was a distinctive philosophy of social provision, known as the New Federalism, that sought to give states greater power and responsibility and to lighten federal restrictions in determining how public funding would be spent. It also envisioned a more efficient federal bureaucracy, reorganized to eliminate government waste. But Nixon's reforms were also based on a more clearly partisan agenda through which he aimed to forge a new electoral majority based on white working-class resentment of the black welfare poor and free the federal bureaucracy of its New Deal influences by bringing it under more direct presidential control. Unveiling his New Federalist agenda in the summer of 1969, Nixon promised to get rid of "entrenched programs" from the past and replace them with a system based on "fairness" for the "forgotten poor" and working classes.

During the next two years the administration introduced measures to achieve the New Federalist agenda, with far-reaching consequences for community development policy. The OEO was the first target for reorganization, which was aimed at curtailing its community action division and eventually led to the elimination of the agency itself. Nixon's plans for decentralization proved even more consequential for existing community-based programs. They introduced a new, less redistributive and centrally regulated way of providing federal aid to localities. Revenue sharing, enacted in 1972, provided funds to states and localities automatically rather than through categorical grants. In this way Nixon sought to reduce the federal role in determining how funds would be allocated and to end the New Deal tradition of establishing direct links to poor communities to offset their political weakness in state and federal legislative bodies. The administration's adoption of block grants, which came to fruition in the creation of Community Development Block Grants (CDBG) in 1974, gave localities still broader discretion in allocating funds and brought the flagship programs of the War on Poverty to an end. By the mid 1970s, Model Cities, CAP, and SIP were slated to be replaced by block grants. The Housing and Community Development Act of 1974 similarly revolutionized federal housing provision, shifting the emphasis away from new construction and toward rent subsidies, thus reducing the extent to which public housing could be linked to creating labor union jobs.

Following the changes introduced during the Nixon and Ford administrations, actual spending levels for community development, while remaining less than 1% of federal expenditures, rose fairly steadily for the rest of the decade. These expenditures were spread over a much larger number of communities and used for a broader range of purposes, however. Revenue sharing and

block grants also brought a significant change in the overall distribution of funds, both within and between different kinds of communities, increasing funding in the suburbs and away from central cities and rural areas, providing more services and benefits to middle-class recipients, and moving a greater proportion of funds away from traditional Democratic strongholds in the Northeast and Midwest and toward the South and West. Meanwhile, the political relationship between federal government and poor communities deteriorated rapidly, symbolized nowhere more clearly than in the looming fiscal collapse of several major cities at mid decade, while Washington stood by.

Assuming the presidency after eight years of Republican control, Jimmy Carter initially raised expectations of renewed federal attention to the special plight of poor communities. Responding to pressures from urban and civil rights leaders, he announced in 1977 that his administration would develop a comprehensive urban initiative that would restore Washington's commitment to the health of American communities. The intense period of planning that followed involved nearly every domestic agency and dozens of community development experts who advocated such innovations as the creation of a national community development bank. Caught up in an increasingly polarized debate over people- versus place-based programs, the planning group created an unwieldy collection of small job-creation, tax incentive, housing, social services, anticrime, and even public arts programs that looked to observers like more of the same. All of this was to be coordinated by an Interagency Coordination Council, but its powers and responsibilities remained unspecified. And, at Carter's insistence, the programs would involve a minimum of new spending.

Carter's comprehensive reform never got off the ground in Congress, but the administration did take incremental steps to restore some of the redistributive aspects of federal policy. In 1977 it changed the revenue-sharing formula to target needy communities. That same year Carter also acted to make up for the losses experienced by older industrial cities by initiating the Urban Development Action Grant (UDAG) program. This program, like urban renewal, offered federal matching grants that could be used for commercial, industrial, or residential development in central cities in hopes of creating jobs for neighborhood residents and reviving downtown economies. But it was never established whether the jobs created by UDAG-funded redevelopment actually went to neighborhood residents, and most of the funding was used for commercial redevelopment. Despite these initiatives, Carter did not attempt to alter, and indeed embraced, the fundamental structural changes that had been ushered in by Nixon: a new era of decentralization and diminished federal responsibility was at hand. In the wake of his failed urban initiative, domestic policy drifted farther away from place-based reform.

For all the setbacks and reversals in national policy, the legacy of the 1970s was not necessarily one of defeat for the community development movement. The increased emphasis on local initiative pushed community-based organizations to strengthen institutional capacity, while the vacuum created by federal withdrawal from housing construction opened up a market niche for CDCs. Community activists used the momentum of the 1960s to launch a new phase of organizer training and national network building that could be applied to a diverse range of community-based consumer, environmental, and antipoverty concerns. Taking advantage of the emergence of attention to public interest issues among legislators and in the courts, these groups realized a major victory with the passage of the Home Mortgage Disclosure Act of 1975 and the Community Reinvestment Act of 1977. This legislation provided for public scrutiny of lending records and recognized the obligation of banks to lend in communities where they do business. Promoted as a weapon against discrimination and redlining, it also gave community groups a powerful tool in their own negotiations with local lending institutions. Although the successes of local organizations did not necessarily make up for the losses in federal support, they proved increasingly important in the decade ahead.

THE END OF THE NEW DEAL ERA?

In the 1980s the Reagan and Bush administrations greatly reduced the already diminished federal presence in poor communities. Playing on anti-government sentiment and fiscal fear, Republicans eliminated revenue sharing, UDAGs, and most other remaining development programs, cut Community Development Block Grants in half, and left a much diminished welfare and services sector as the only source of direct federal assistance to poor communities. The resources and mandate for enforcing housing discrimination law all but disappeared. The Reagan revolution also introduced a much more radical framework of decentralization and privatization than the president's predecessors had envisioned—in fact, it threatened to dismantle the federal policy infrastructure for community building altogether. Judging from the reductions in place-targeted federal funding, the revolution was a success. But the expansion in the number and size of high-poverty neighborhoods during the decade tells a different story.

Two initiatives emerged from federal retrenchment, both premised on the belief that the absence of government was the key to community revitalization. The first, enterprise zones, promised to introduce free market principles and restore entrepreneurial activity to low-income communities through a combination of government deregulation and generous tax breaks for businesses. Reagan's proposals were consistent with the supply-side philosophy embraced in his economic policies: allowing entrepreneurs to keep more of their profits, the reasoning went, would stimulate new investment and eventually trickle down to community residents. In keeping with their anti-interventionist premises, the proposals also rejected the components of local planning and supplemental government assistance that had characterized programs such as area redevelopment. Despite repeated legislative attempts, however, the enterprise zone idea was never adopted as national policy. But it was adopted in a number of states during the 1980s, where the designated zones were assisted by substantial government investment and planning and came to resemble earlier development policies more closely.

The other major initiative to emerge from the free market framework was a proposal to privatize and promote residential ownership in public housing, this time in the name of individual empowerment in low-income communities. Like the proposal for enterprise zones, this proposal never got off the ground, due partly to the fallout from political scandals in the Reagan administration's Department of Housing and Urban Development.

The administration was unable to eliminate or privatize all the social welfare programs it targeted for attack. But the Reagan revolution did succeed where it mattered most—redirecting federal fiscal and economic policies—and the impact on low-income communities was devastating. In addition to the withdrawal of federal aid, the communities suffered from the increased income inequality, capital flight, labor setbacks, and crippling budgetary deficits that resulted from Reagan-era policies. Hit hard by recessions at either end of the 1980s, poor communities were politically marginalized as well. And the very idea of community development policy, premised as it was on collective well-being and supportive government policies, was challenged by a harsh, individualistic ideology positing that no intervention would work. Ironically, for the first time since the 1930s, federal policy in poor communities was actually in harmony with the direction of social and economic policy writ large.

Reagan era changes did not devastate the community development movement, however, and in at least one sense they could be turned into a source of strength. Pushed to do more with less, CDCs moved aggressively to become more efficient operators and to tap into local and private sources of development support. Foundations created new intermediaries to provide support for existing and emerging community-based organizations, particularly in housing and economic development. The movement for comprehensive, integrated service delivery gathered momentum as a new generation of multi-service and systems reform initiatives got under way. And community organizers, galvanized by growing inequality and federal cutbacks, created training intermediaries and focused on strengthening national networks. Impressive as these achievements were, local initiatives were heavily absorbed in making up for lost ground and could only imagine what could have been achieved in a more supportive policy environment.

REVISING THE PAST: CLINTON'S COMMUNITY POLICY

Promising "a new way of doing business for the federal government," in 1993 the Clinton administration launched an initiative to revive declining communities. In December 1994 the administration designated 11 empowerment zones, each eligible for grants and tax breaks of up to $100 million, and 95 enterprise communities eligible for smaller grants and business incentives. In most places the initiatives were just getting under way as of the late 1990s.

The Empowerment Zone/Enterprise Community (EZ/EC) is different from past efforts, according to administration officials, in its rejection of old ways of thinking about the problems in urban communities. The program proposes to move beyond a focus on countercyclical grant-in-aid programs to an emphasis on enabling cities to compete in the global economy. It also seeks to invest in people and places, recognizing the old dichotomy as false. EZ/EC marks another innovation in its metropolitan framework for economic development. And unlike past efforts, it is "designed to foster locally initiated, bottom-up strategies that connect the public, business, and neighborhood sectors in community building partnerships for change."

In fact, as both its title and the rhetoric accompanying it suggest, the EZ/EC initiative contains much that is familiar to veterans of the community development movement. Like enterprise zones, it relies heavily on tax incentives to promote private sector investment—only this time the tax breaks are tied to hiring residents of the zone rather than realizing capital gains. Like Model Cities it draws on existing housing, education, job training, and service programs for most of the funds that will be given to the designated areas. Reviving a strategy employed by the New Deal-era National Resources Planning Board in response to funding limitations, it designates two tiers of recipient communities, presumably as a way of sharing the wealth. Community planning boards also figure prominently in the EZ/EC legislation, which combines the experience of CAP and Model Cities to require evidence of participation from all sectors in the community, including government and the poor. Federal coordination is another feature of the program, this time supervised by an interagency Community Empowerment Board headed by Vice President Al Gore. And operating within a Nixonian New Federalist framework, it offers waivers from categorical program requirements and channels all federal grants through the states. It even borrows a note from organizer Saul Alinsky in its rhetorical appeal to the consensus ideal. Most striking from historical perspective is EZ/EC's endorsement of "four fundamental principles" that restate the essential themes that have defined community development from the start: economic opportunity in private sector jobs and training; sustainable community development characterized by a comprehensive coordinated approach; community-based partnerships that engage representatives from all parts of the community; and "strategic vision for change" based on cooperative planning and community consultation.

Clearly, the EZ/EC plan rested on the hope that this time the federal government will be able to overcome interagency conflict, weak investment incentives, competition among local political interests, and racial inequity that have plagued community development policy in the past. In this hope it is banking on the expertise of the people who have been working in low-income communities for decades and on the willingness of industries to locate and hire in areas they have traditionally stayed away from. Unfortunately, EZ/EC also repeats other patterns that have left many wondering whether it, like its predecessors, is promising much more than it can possibly deliver. Even supporters agree that the funding is inadequate given the size of the task. Its associationalist tenor leaves critics skeptical about how much investment or job creation can be expected from the private sector and the extent to which community residents will be able to expect corporate responsibility. Like past federal demonstrations, it begs the question of what happens to the thousands of communities not chosen for support, and what happens to the EZ/EC sites once initial funding runs out. It also smacks of symbolic politics at a time when poor urban and rural communities command little more than rhetorical attention on the national agenda. Most of all the plan represents a very modest investment in community revitalization, especially in the face of an overarching policy agenda that encourages footloose capital, low labor costs, reduced social spending, and persistent wage inequality, and that brings about "the end of welfare as we know it" with little thought for the policy's effect on communities.

CREATING A NEW POLICY ENVIRONMENT

The historical record offers important insights about the intellectual origins, political frustrations, and recurring patterns of federal policy, but the challenges it poses to the community development movement are even more immediate and direct.

The first is to make a case for investing in communities as part of an antipoverty policy that focuses on income inequality, job opportunities, and racial exclusion as well. Such a policy would strengthen the position of residents with better wages and training while taking steps to stem the geographic dispersal of industry and jobs. It would enforce antidiscrimination regulations to stimulate lending in poor neighborhoods and ensure access to housing and jobs. And it would challenge the myth that mobility and community development are either/or choices. Most of all it would begin with the recognition that targeted community development—no matter how comprehensive, well planned, or inclusive—cannot reduce poverty all by itself. This is not to suggest that community development is futile without these larger changes, but with them it stands a much greater chance of success.

The second challenge for community development is to reassert the importance of the federal government's participation. This is no easy task in light of historical experience or the current political climate. It begins from an understanding that past failures do not prove that revitalization is impossible; few programs enjoyed the funding, time, or sustained political commitment necessary to make community development work. Indeed, the federal commitment to middle-class and affluent communities has been much more substantial and comprehensive, including housing, infrastructure, and tax incentives among its forms of support. It is also unrealistic to expect a revival in poor communities without both federal resources and direct public provision. Two decades of federal withdrawal sent neighborhood poverty soaring. And past efforts to stimulate private market development have not trickled down.

The third challenge is to reconstitute and strengthen the political coalition behind community development policy. This will take collaboration with labor, civil rights, and other traditional allies, but it can begin by addressing the barriers to mobilization within the community development movement itself. Particularly important is to examine how funding practices affect political mobilization by tightening the tensions between outside providers and communities and discouraging the kinds of activities that can help community-based organizations become more effective politically. Foundations are rarely willing to provide the long-term undesignated funding that organizations need to build capacity and institutional stability. Nor do they generally fund local organizing, advocacy, or coalition building among community organizations. Foundations also tend to compete with one another in developing their programs, leaving community-based organizations to steer among the divergent objectives, expectations, and even timetables of outside providers to meet their own organizational needs. The result is tension and mistrust, reflecting not only disparities in power and resources but a struggle for control over community-based initiative that is built into the funding practices themselves. As an initial step toward more effective political mobilization, then, foundations need to be willing to examine and alter these practices and organize themselves into a more coherent and persistent voice for changes in policy.

The fourth challenge is to acknowledge not only how race has contributed to the problems in poor communities, but to explore how it may be part of the solution. A race-conscious strategy would identify how race continues to shape the policy decisions affecting political representation, housing location, transportation, social services, and access to jobs. It would move beyond the simplistic black–white dichotomy to investigate how racial barriers operate across ethnic, class, and gender lines. And it would make an explicit commitment to ending institutionalized as well as individual acts of racial exclusion.

Perhaps the most important and overarching challenge from history is to reverse the policy contradictions that keep community development swimming against the tide. Meeting this challenge requires focusing not only on community interventions but creating the economic and political conditions within which community development can actually work.

NOTE

1. For a fuller historical account with citations of sources, see the much longer original chapter: O'Connor, Alice. (1999). Swimming against the tide: A brief history of federal policy in poor communities. In Ronald Ferguson and William Dickens (Eds.), *Urban Problems and Community Development* (pp. 77–138). Washington, DC: Brookings Institute.

CHAPTER 3

Community Control and Development

The Long View

James DeFilippis

INTRODUCTION

The histories of community control and development are varied and disparate, and it is the rather ambitious goal of this chapter to bring these histories together. The chapter begins in the 1960s and discusses the emergence of the current community development movement. It then presents the trajectory of this movement away from its organizing roots and toward greater degrees of institutionalization and professionalization. This professionalization has seen the goal of community control, and the radical politics that sometimes informed that goal get lost in the process, and we conclude by discussing the implications of this.

While there is a longer history to community control efforts that goes back to the early 19th century, community control reemerged as a broad set of movements in the mid 1960s. Broadly speaking, there were two different strands to this movement that are important for us here, the black power movement and the direct democracy movement. Together they yielded many institutional innovations and changes, but for the purposes of this book the most important institution to emerge was the "community development corporation" (CDC), which is the principle institutional vehicle for community development in the United States. But before we discuss the social movement roots out of which community development as a programmatic idea, and the CDC as its vehicle, emerged, we need to discuss the context of American politics that both fostered these movements and severely undercut their ability to effect systematic change.

FROM CAAs TO MODEL CITIES AND BEYOND

The Federal government enacted the Economic Opportunity Act in 1964 and, with it, began the well known period of, "The War On Poverty." This Act created, among many other things, a new vehicle for community-based organizing, planning, and activism, the "community action agency" (CAA). The heart of the CAA initiative was community empowerment and activism, and the underlying philosophy of the Community Action Program (CAP) was the "maximum feasible participation" of community members.

It is unclear, at best, if within three years the CAAs were able to generate substantial community-level mobilization efforts. Nonetheless, by 1967 "they were sufficiently threatening or persuasive to precipitate a [change in] national urban policy" (Fainstein, 1987, p. 328). This shift in policy had two particular components. First, the CAAs were to be reoriented toward economic development activities, and away from the political organizing goals of their initial inception. The legislative form this shift in priorities took was that of the passage of the Special Impact Program (SIP) amendment to the OEO. The SIP legislation targeted local groups for specifically economic development projects, and this program was supplemented by the Federal Community Self-Determination Act in 1969, which drove the creation of many community development corporations. Driven by federal support, it was after SIP, and the 1969 Self-Determination Act, that CDCs started to grow.

The second component of the shift in federal policies was the enactment of the Model Cities Program, which was designed to place the control over anti-poverty/neighborhood development policies back into the hands of city governments—and explicitly away from communities. As Halpern puts it: "Model Cities was to be community development decoupled from community action, or more specifically from community action's presumed tendency to engender conflict and disaffection" (1995, p. 118). This shift indicated the extent of how threatened many city governments were by the CAP. By funding CAAs directly, the CAP was enabling community organizations to bypass city governments and connect directly to the national scale.

These shifts in federal policies had profound implications for the practice of community organizing at the time. Groups had to choose between becoming more professionalized development organizations or maintain their political identity. But maintaining their political identity would mean the loss of the government funding they had come to rely on. Either way, the potential for community organizing and social change was significantly undercut. As Kotler observed, "The government wanted enterprise rather than political action in the neighborhood; it would move the people out of the meeting hall and put them behind cash registers" (1971, p. 7).

To some extent, therefore, 1960s federal neighborhood policy represented a very narrow window through which connections between community-level political organizing and community-based economic development and social service provision could be merged. But that window closed rather quickly and, in doing so, helped to solidify the divisions between organizing and development, which have come to be a dominant feature in urban politics in the last 30 years.

BLACK POWER AND BLACK CAPITALISM

One of the most powerful forces in driving issues of community control in the 1960s was the "black power" movement, which emerged from the larger civil rights movement. A significant strand of black power was the drive for "community control" (Carmichael and Hamilton, 1967), and this had two distinct components. First it dealt specifically with issues of government decentralization and black participation and control; particularly education and policing. Second, it addressed the control over economic relations between blacks and whites. It is the latter of these two which helped drive the creation of CDCs.

There was not a clear, unifying underlying rationale of the economic component of the community control movement, and instead there was a variety of programs, goals, and ideals. This, of course, echoed the long-standing debates by black leaders about how to structure, organize, and promote black economic development. The 1960s version of this argument included calls for direct community ownership by CDCs, cooperative ownership, and individually owned firms. Despite the debates about what form black ownership should take, some of its most visible proponents were decidedly ambivalent about it.

This ambivalence quickly led to the assertion of the central role of black entrepreneurialism and capitalism in the realization of power within the black community. Thus black capitalism became, through its promotion by OEO policies, the Nixon administration, and the lack of clarity by leaders in black communities, the dominant form of black economic "community" control by the end of the 1960s. Community control thereby became black capitalism, and advocates for both explicitly and implicitly conflated these two goals. The radical potential of demands for black economic power thus became co-opted into simply a debate about how best to reproduce capitalist practices in black urban neighborhoods. The road of collective *community* control and empowerment was not taken (Shipp, 1996). A substantial political opportunity was lost.

DIRECT DEMOCRACY AND NEIGHBORHOOD GOVERNMENT

While the community control argument was being presented by black power activists and theorists, a nominally comparable but substantively different argument was being presented by those advocating neighborhood control and governance. These activists and writers were advocating government decentralization as a means to politically empowering the citizens of urban areas. This movement was a 1960s incarnation of the Jeffersonian-liberal tradition of small-scale participatory government. As Jane Jacobs wrote,

> The governments of large modern cities are not only incomprehensibly complex today, but also their direct effects on citizen's lives are now so ubiquitous that they cannot help but fail when their functions are centrally organized. Many functions must be decentralized and brought under direct, continuing control of local communities.
>
> (quoted in Repo, 1977, p. 48)

Perhaps the strongest supporter of the neighborhood democracy movement was Kotler, the Executive Director of the National Association of Neighborhoods. He advocated for, "the radical politics of local control" (1969), as a rejection of both the centralized welfare policies of the New Deal/Great Society variety, and the central role of class in leftist politics. Both of these should be replaced, he argued, by an embrace of the Ancient Greek view of humans as almost inherently political beings mixed with a 20th century perspective on the declining ability of humans to act as such. He stated,

> True radicalism issues from a practical view of man's political nature, rather than a theoretical view of the state. Its object is to shape the state to fit the present purpose of popular struggle—local rule—not to reshape man to fit a theoretical state. For the left to engage in a politics of liberty requires that it free itself of the modern heritage of revolution and address the principles of local control.
>
> (Kotler, 1969, p. 96)

Thus, like the black community control movement, not only did the neighborhood government movement fail to address issues of capital and class relations, it embraced the capitalist political economy. This was, in short, a movement for localized democracy as an end in itself, not a movement to use the framework of local democracy for changes in the larger-scale, *or even local*, political economy.

OPPORTUNITIES LOST

The possibilities of connecting these separate movements, struggling for local control, albeit in different forms, were always fairly slim. In many ways they were fighting for different goals with different constituencies. But at the same time, they were conscious political efforts to create institutions in which local-scale actors had greater control over their lives. They also shared a rhetorical belief in "community" participation and control, and it was this goal that brought these activists together, on paper at least in the form of books written at the time (see, Benello and Roussopoulos, 1971).

At the same time, their understandings of capital and class were extremely limited and neither directly confronted capital nor even adequately theorized capitalism. In this way, the movements failed to appreciate the inherent importance of capital and class relations in the American political economy. As Katnelson (1981) argued, this failure to understand class led to movements sliding into the prefigured "trenches" of American urban politics in which *class* is dealt with at work, and *community* is dealt with at home—and both are dealt with inadequately. This set the community and neighborhood control efforts up to either disappear or become institutionally co-opted. And this is largely what happened in the 1970s and 1980s.

NEO-ALINSKYISM AND THE NEIGHBORHOOD MOVEMENTS OF THE 1970s

Local politics in the 1970s is best understood as having evolved from the 1960s, particularly from the direct democracy strand of organizing, and they were dominated by what has been called "the neighborhood movement" (*Social Policy*, 1979). In truth, this was less a movement than a diverse set of localized responses to particular issues that largely stemmed from people's attempts to protect their neighborhoods from threats and encroachments from without. Accordingly, the politics of the organizations in this "movement" varied tremendously, largely in relation to the character of the threat from without and the perceived sources of that threat.

The 1970s also saw the emergence of a set of populist organizations that were large in scale and relatively unencumbered by an ideologically defined set of goals. The principal figure behind this movement was Saul Alinsky who had emerged nationally as a prominent critic of some of the explicitly socialist and race-based organizing efforts of the 1960s. Instead, he and his organization, the Industrial Areas Foundation (IAF), argued for a brand of organizing that assumed that the only long-term goal should be the mobilization of people to take power for themselves. Along with the IAF, there was the emergence of national groups such as the Association of Community Organizations for Reform Now (ACORN) and statewide groups such as Massachusetts Fair Share.

These groups were run by largely white, primarily middle-class staffs and organizers, and the model of organizing was basically the same in every locality: organizers from the national organization would meet with local people to discuss with them what their concerns were, and then work to mobilize larger numbers of people in those localities to address these concerns. The national organizer, therefore, brings no agenda to the locality but instead allows the issues, and the solutions, to be defined by those within the locality. The recipe, therefore, was for a situation in which the local IAF organizations, lacking any coherent ideological framework, became about neighborhoods "getting what they could." This left them poorly positioned to deal with larger social forces, processes, and changes.

This is not to say that politically progressive organizing did not occur in the 1970s, for that would be unfair and an oversimplification of community politics at the time. First, while the neo-Alinsky organizers were self-avowedly "non-ideological," their goals of increased participation in, and the democratization of, urban politics were certainly laudable. They also recognized that there are inherent conflicts in society, and understood that power is only appropriated through struggle. Second, there were important community-based efforts to prevent the displacement of low-income residents by the continued construction of roads through inner-city neighborhoods, and by the last remnants of the Urban Renewal program's demolition. Third, substantial political and legal victories were won by those who struggled against the practice of financial institution redlining. The efforts of these organizers yielded the Federal Home Mortgage Loan Disclosure Act (1975) and the Community Reinvestment Act (1977).

CDCs: PROFESSIONALIZATION AND A NEW GENERATION

But these disputes bring us back to CDCs. While the neighborhood movement was emerging in the 1970s, the older CDCs were facing uneven outcomes, as some grew while others failed. They shared a common experience, however, in which community control of the economy declined in importance and profit-making became the dominant goal. This was partly driven by the difficult realities of the markets these groups were operating within. But was also a function of the changing priorities of the OEO which was still the dominant source of funding for these "1st generation" CDCs. The OEO increasingly pushing profit-making above all other goals. The Nixon administration terminated the OEO, however, and CDC funding was significantly cut. The first generation CDCs were therefore left to deal with this loss of funding and they did so by becoming increasingly individualist and entrepreneurial in their orientation and goals.

Evaluations at the time indicate the extent to which community control had become less important relative to the goal of economic development. Kelly found that only 35% of CDC board members considered, "Providing opportunities for community-controlled ownership of businesses and property," to be *one of their three highest priorities* (Kelly, 1977, p. 25). And she plainly states: "the community economic development movement in no way opposes or contradicts the American tradition of individual entrepreneurship" (p. 21).

A "second generation" of CDCs was created in the late 1970s and the early 1980s, as neighborhood protest organizations became CDCs. In becoming CDCs, they transformed themselves from being confrontational in their dealings with city governments, banks, etc., to cooperative in those relationships as they became more immersed in the structures they were originally protesting against.

Shelterforce magazine observed that there tended to be a three-step process to the transformation of oppositional community organizations to CDCs in the late 1970s and early 1980s. First, the groups emerge out of opposition to something (redlining, displacement, etc.). Second, the groups become somewhat more proactive, and begin direct political lobbying of city halls to enact their agendas. Third, the groups realize the limits of public money, and begin working to fulfill their agenda themselves (Fulton, 1987). Importantly, this was not a process of political co-optation, but instead one of professionalization. These groups were not created to fundamentally transform the structures that govern the urbanization process. They emerged out of localized problems and conflicts and it was not ideologically inconsistent to deal with local-scale problems as a developer rather than an adversarial activist. These transformations were not, therefore, normative—they were merely programmatic.

NONPROFITS FOR HIRE: THE 1980s AND 1990s

The period of the 1980s and 1990s marked the coming of age for community development, as the number of CDCs grew rapidly, along with a heightened public awareness of them—and an increased set of burdens and expectations was placed upon them. This growth of activity has been evident both in the number of CDCs and in their average size. While only about 150 first generation CDCs were created in the late 1960s and early 1970s (and many failed within a few years), by the early 1980s another 500 to 750 second generation CDCs had been created (Peirce and Steinbach, 1987). The number of CDCs nationwide, therefore, essentially grew at modest, but significant, rate through end of the 1960s and the 1970s, and beginning in the late 1970s and early 1980s began to grow much more rapidly. This growth has continued to the present (see Introduction, this volume).

The growth of CDCs has been accompanied by changes in their structures, goals, and relationships with the public and private for-profit sectors. First, CDCs grew in spite of, and partially in reaction to, the shrinking desire of the public sector to provide goods of collective consumption—particularly affordable housing. Shrinking public resources left CDCs directly facing the impacts of these cutbacks. Local governments exacerbated this loss of federal money by increasingly withdrawing from the provision of social services and housing in the 1980s. CDCs thus filled the vacuum left by the state—both at the local and federal levels. And CDCs were not limited to just affordable housing, as they branched out into the areas of social service provision, education, etc.

The second transformation emerges from the first. Because of the decline in public sector support, funding for CDCs and CDC activities went from a "one stop shopping" toward more "creative" forms of financing, often referred to as "patchwork" financing (Vidal, 1996). CDCs increasingly found themselves putting together the funding for projects from a variety of sources, such as private investments made to receive a Low-Income Housing Tax Credit (after 1986), financial institution loans made to satisfy CRA requirements, grants from foundations, etc. This patchwork financing has furthered the process of professionalization in community development, because the financial management capacities it requires greatly exceed those of the prior, single-source financing.

Such expertise has often come from the national intermediaries that were constructed in the late 1970s and early 1980s. In the space of four years, 1978–1981, the Neighborhood Reinvestment Corporation (NRC), the Local Initiatives Support Corporation (LISC), the Fannie Mae Foundation, and the Enterprise Foundation, were all created. Together they finance, provide technical assistance for, and generally shape the structure of the community development industry.

Together, this growing network of CDCs, foundations, and other not-for-profit organizations, have created a situation in which, in many poor neighborhoods, CDCs have functionally become "the Shadow State" (Wolch, 1990). They provide the goods and services that formerly virtually defined municipal governments. This role was embraced by the state, as it willingly walked away from the provision of these services, and looked to the community-based sector to fill in the holes it has left behind.

Most of whatever remained of the radical politics that were part of CDCs' histories, was lost, as they became increasingly part of the urban political machinery and political organizing receded further from their goals and mission. The Ford Foundation's definitive guide to community development in the 1980s put it:

> with rare exceptions, the 1960s are now as much history for them (CDCs) as for the rest of American society. One can't very well hurl his body into the path of an oncoming bulldozer when he (or she) is the developer.
>
> (Peirce and Steinbach, 1987, p. 8)

"NEO-LIBERAL COMMUNITARIANISM": COMMUNITY DEVELOPMENT TODAY

The community development industry in the 1990s and 2000s has progressed along much the same lines that had been established in the earlier periods. In the last decade the field has been dominated by various programmatic initiatives or trends focused on how to best go about "doing" community development. This has included discussions of "community-based assets," "consensus organizing," "social capital construction," and "community building," among others. Rather than discuss these initiatives individually, it is more useful to explain the perspectives and objectives that they all share.

First, they are unambiguously market based in their larger goals and programmatic details. This has probably been made most explicit by Michael Porter through his Initiative for a Competitive Inner City, who has argued that, "a sustainable economic base can be created in inner cities only as it has been elsewhere: through private, for-profit initiatives, and investments based on economic self-interest and genuine competitive advantage" (1997, p. 12). But Porter is far from alone in making these arguments, and the dominant understanding at this point is that for CDCs to be successful, not only must they adopt an explicitly entrepreneurial set of goals and practices, but they must also work with the corporate sector.

The second shared attribute is a promotion of non-confrontational forms of engagement and organizing. Community development is now a collaborative process, and the more conflictual ideals of black power, and neo-Alinsky organizing have been rejected. Michael Eichler, the president of the "Consensus Organizing Institute," described,

> the essential attribute of consensus organizing: instead of taking power from those who have it, consensus organizers build relationships in which power is shared for mutual benefit ... Cooperation, rather than confrontation became the modus operandi for solving a neighborhood problem.
>
> (Eichler, 1998)

Within the current understanding of cooperation, there is almost contempt for past organizing efforts, and Grogan and Proscio state, "The community organizing and planning of that period (the 1960s) was soon squandered on divisive or extremist political tactics, including the in-your-face style of protest that Tom Wolfe famously dubbed, 'mau-mauing'" (2000, p. 66). Low-income inner-city residents are now understood to have a shared set of interests with the larger society they exist within, and organizing and development should be structured accordingly. Unequal power relations are completely ignored in this framework.

While it might seem a bit paradoxical, given the neoliberal market orientation described above, the current period in community development is also characterized by a powerful reassertion of the idea of *community*, and a particular version of *communitarianism*. This communitarian framework is one which posits a belief that there are shared interests among individuals in a community, and thus community development should be about creating the social relationships which allow those mutual goals to be realized. This thus mirrors the consensus organizing, in that the assumption is of shared interests—the difference is one assumes it for relations between people in the community and the rest of the world and the other for relations between people within a community. There are two principal figures in this understanding of community. The first is John McKnight, who has argued for a framework of community development centered around "community-based assets" (Kretzman and McKnight, 1993; McKnight, 1995). The second is Robert Putnam (2000), whose work on social capital has become axiomatic in community development theory and practice. Both argue that relations within communities tend to be largely "win–win" relations, and both take that framework one step farther to assume that *individual* gains and interests in the community are synonymous with *collective*, or community, gains and interests. Both also assume that communities are functions of, and defined by, the attributes and relationships of people within them. Thus not only does this particular form of communitarianism fit with consensus or non-confrontational organizing, but it also fits with the neoliberal, market-based perspectives and policies that govern community development activity.

Together these three perspectives, which dominate the theory and practice of community development, can best be described as a form of *neoliberal communitarianism*. This neoliberal communitarianism has, at its core, a belief that society is conflict free, and it gets this from both halves of its theoretical framework. It also represents the fruition of the depoliticization of community development that came with its split from community organizing in the late 1960s. This depoliticization also needs to be understood as both a product, and producer, of their support from the public sector. The political logic of CDCs in American politics has therefore come full circle. The federal government, which initiated the movement for community development by sponsoring often radical political organizations working toward community control and empowerment, now supports CDCs exactly because they are no longer connected to any political movement. And the goals of CDCs have also come full circle. Initially conceived as vehicles that would use the market as a means to the end of community control and development, they have now become vehicles for the market, in which the goal of community control is not even an issue.

SNAPSHOTS FROM THE FIELD OF CONTEMPORARY COMMUNITY DEVELOPMENT

There are significant problems that come with the dominant framework of neoliberal communitarianism. But rather than address those problems here, I will leave that to other contributors to this volume (see, in particular, Stoecker). Instead, I will simply highlight two "moments" that occurred at the end of the 1990s as indicative of what community development has become and where it is going.

The first is an extended memo in the *Neighborworks Journal* (the journal of the NRC) by the senior vice-president of the Fannie Mae Foundation. In it he issued a call for "A New Paradigm for Community Reinvestment." The new paradigm called for greater collaboration between community developers and outside investors and businesses. It included a promotion of the idea of place-marketing in which community development projects could take on names such "The Woodlands," "Celebration," and "Redwood Shores." He even stated, "some of these places could be treated as *urban blank slates*, where the development takes on an image the investors choose" (Carr, 1999, p. 21, emphasis added). In this new paradigm, the first role for government is to "assist private firms to *extract value from community assets*" (Carr, 1999, p. 22, emphasis added).

Finally, that summer I was at a meeting at the Urban Justice Center in New York planning a march from Washington, DC to New York City as part of the now international Economic Human Rights Campaign. In the course of the discussion one of the issues that arose was contacting other local organizations that might be sympathetic to the march in order to solicit their support. One of the people in the room suggested that we should contact the Association of Neighborhood and Housing Development (ANHD). ANHD is the principal trade association for CDCs in New York City. The response from the roomful of 30 local community and political organizers to the mention of its name was a unanimous, "who?"

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