

REVIEW ESSAY

REBUILDING THE INNER CITY: A HISTORY OF NEIGHBORHOOD INITIATIVES TO ADDRESS POVERTY IN THE UNITED STATES.

By Robert Halpern. New York: Columbia University Press, 1995.
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With their horror stories of violence, public incompetence and waste, ghettos are used to provide moral justification for privately managed programs of redevelopment. Under the leadership of churches, community organizations, private developers and recent immigrants, such ghettos have kicked out most of the dependent poor and have refused to admit the institutions that serve them. Instead, they focus on attracting working families, keeping out drug dealers and building guarded enclaves.

These communities are on the verge of melding into mainstream society. But when examining the contribution of community development corporations, we need to ask ourselves whether their efforts are leading to the elimination of ghettos or toward the creation of mini-cities of exclusion within a larger wasteland.¹

INTRODUCTION

I know an educator who often finds herself muttering, as she reads about the most recent wave of budget cuts for education, that we do not lack ideas about how to improve our educational system, but commitment. While that commitment has also been absent when it comes to the problems afflicting urban America, after reading Robert Halpern's recent history of community development,² I am tempted to believe that we also

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1. Camilo Jose Vergara, *Down Our Mean Streets: A Guide to the Ghettos*, THE NATION, Mar. 15, 1993, at 339, 342.

2. ROBERT HALPERN, REBUILDING THE INNER CITY: A HISTORY OF NEIGHBORHOOD INITIATIVES TO ADDRESS POVERTY IN THE UNITED STATES (1995).

lack new ideas about how to rebuild the economic, physical, and social infrastructure of our inner cities.

Halpern suggests that in the global economy of the late twentieth century, communities are no longer salient units of economic organization. Capital, unconstrained by neighborhood, municipal, state, or national boundaries, exploits the internecine competition between those jurisdictions, in search of the lowest bidder. The consequences of that competition are felt at all levels, as people are laid off and government budgets eviscerated. Any credible effort to "rebuild the inner city" must include responses to these consequences. In crafting such responses, those committed to community development are caught on the horns of a dilemma: Whether to work within the framework of capitalism, or whether to challenge the very terms of capitalism in an effort to develop the beginnings of an alternative system.

Neither approach is neutral. The first strategy, which can be described as market-driven, is founded on the premise that residents of inner city neighborhoods have been ill-served by the locational and hiring decisions of businesspeople. Solutions based on this premise are calculated to realign market incentives to facilitate inner city business development. The businesses thus incentivized are no different from businesses not located in urban neighborhoods. They must remain responsive to market pressures and be fully connected to suppliers of capital, labor, and raw materials, and to customers, outside of the inner city. Their success is predicated on that connectedness.³

On the other hand, the inner city has disproportionately borne witness to the downsizing of America. Inner city neighborhoods are defined by rates of unemployment and poverty that are much higher than the national average, in no small part due to the flight of jobs and capital. Some assume this flight is endemic to capitalism. Under this view, any rebuilding effort (a) requires a critique of that system and (b) must include antidotes to further flight. Many community-based economic development efforts have started from a strongly skeptical posture with respect to capitalism, and have been infused with social values ranging from environmentalism to community control to worker ownership.⁴ Advocates of this view imply

3. See, e.g., Michael E. Porter, *The Competitive Advantage of the Inner City*, HARV. BUS. REV., May-June 1995, at 58-61 (describing the need for successful inner city businesses to connect to local and regional markets). Porter is a leading advocate of the market-driven approach to inner city business development. Among what he refers to as "the real disadvantages of the inner city," Porter includes "antibusiness attitudes," typified by local attempts to exact "linkage payments" from businesses. *Id.* at 65. While he acknowledges that "[t]hese attitudes are the legacy of a regrettable history of poor treatment of workers, departures of companies, and damage to the environment," he believes they are "counter-productive." *Id.*

4. Examples range from community-based businesses, owned by workers or non-profits, to businesses dedicated to serving very specific local needs, to businesses focused on environmental or other social goals, to organizing efforts dedicated to exacting charitable

that community-based development efforts merely contribute to the deterioration of what little community we still have if they cease to aspire to fuller social change.

Unfortunately, after nearly thirty years of what we know of as the community development corporation, revitalizing one's immediate community, neighborhood, block, or building is no longer sufficient. As Camilo Jose Vergara points out, selective renewal efforts remain limited in their scope, and may ultimately cause more harm than good in terms of their effect on entire communities. The modest goal of revitalizing that which is most local—itsself hardly an easy task—seems inadequate given the problem.

Halpern's history of the community development movement repeatedly raises the problem of how advocates should respond to the constraints of capitalism. As a work of history, Halpern's account is quite helpful, both for its summary of past initiatives and for its highlighting of recurring problems. Halpern is less helpful, however, when it comes to offering new solutions. His own analysis and policy descriptions do not break new ground.

This review proceeds in three parts. The first outlines Halpern's argument, the second focuses on his analysis of the goals and accomplishments of inner city economic development efforts, and the third offers an alternative framework within which to consider the goals, accomplishments, and future directions of the community economic development movement.⁵

I.

IS IT THE ECONOMY, STUPID?

Halpern begins his story of American efforts to rebuild our inner cities with the settlement house and Progressive movements of the late nineteenth and early twentieth centuries. By tracing the "movement" to that point, he thus frames it against the backdrop of the rise of industrial corporate capitalism and the robber barons. And the view he gives of capitalism is stark—it is the cause of structural unemployment, poverty, and social dislocation.⁶

and local commitments from locating businesses and financial institutions. These are discussed briefly below. For a more thorough discussion, see PETER MEDOFF & HOLLY SKLAR, *STREETS OF HOPE: THE FALL AND RISE OF AN URBAN NEIGHBORHOOD 183-201* (1994), describing community-based economic development planning in Roxbury, Massachusetts.

5. Halpern discusses housing and business development/job creation efforts throughout his book, at times including both under the heading of economic development. In this review, I will focus exclusively on business development and job creation, using the term "economic development" to refer to both. When discussing housing development, I will say so explicitly.

6. HALPERN, *supra* note 2, at 20-21.

The Progressive movement focused on the neighborhood as the arena for social change. While Halpern questions the underlying goals of the changes desired by that movement—the “Americanization” of recent immigrants—and notes several instances in which settlement leaders actually thwarted more radical social movements within immigrant communities,⁷ he generally embraces the holistic approach the settlement houses represented.⁸ As he moves through the first three decades of this century, he also provides (frustratingly) brief glimpses into less widely known approaches to urban problems. Most interesting among these approaches were the visiting teacher and the neighborhood social center.⁹ These two early initiatives have converged in New York City’s Beacon Schools, which are run (for the most part) by local community organizations that are accountable to neighborhood constituencies. The Beacons combine the visiting teacher innovation of using the school as the touchstone for other, more holistic social services for the child and her parents with the commitment to local control inherent in the social center model.¹⁰

As the Progressive era drew to a close, two competing visions of neighborhood initiative emerged. One vision conceived of social service provision as a science, and of the individual service recipient as a bundle of needs, each of which could best be addressed separately, by increasingly specialized experts.¹¹ This approach was drastically at odds with the settlement movement’s more holistic prescription. At the same time, a group of activist academics connected to the University of Chicago were developing a more politicized version of the neighborhood-based settlement movement. The tactics employed in Chicago, now widely associated with the organizer Saul Alinsky, engaged community organizations in more conscious advocacy—for better services from, and more control over their interactions with, city government.¹² Here again, these developments foreshadowed contemporary programmatic strategies—an example was the use of “curbside counselors” by the Chicago Area Project and the other organizations that trained Alinsky and his peers. These organizers spent their time working with, or just talking to, young people in poor neighborhoods in Chicago. Today, the Forest Hills Community House in Queens, N.Y. employs the same approach to reach out to young people in a context in which they are more comfortable. Similar influences clearly motivate

7. *See id.* at 34 (describing incident when local workers went on strike and Jane Addams, head of Hull House in Chicago, declined to support them, “arguing that if Hull House took sides in the strike, ‘it would fail in its responsibility to reconcile capital and labor.’”) (quoting THOMAS PHILPOTT, *THE SLUM AND THE GHETTO* 77 (1978)).

8. *Id.* at 30-33.

9. *Id.* at 39-41.

10. *See* Lynda Richardson, *Dinkins to Propose 15 More Beacon Centers*, N.Y. TIMES, Jan. 3, 1995, at 25 (describing Beacon program).

11. HALPERN, *supra* note 2, at 41-47.

12. *Id.* at 49-56.

the youth initiatives developed in response to riots in the northern Manhattan neighborhood of Washington Heights.

Halpern's narrative then tracks the missteps of community development—urban renewal and public housing foremost among them—before reaching the 1960s, when the community development corporation (the CDC) was born. It is in his chapters on the 1960s, focusing on housing, economic development, and the provision of social services, that Halpern begins to address the inherent tension in community development. That is a tension between strategies aimed at ameliorating the most obvious problems of the inner city—poverty, inadequate housing, joblessness, crime, and a variety of social pathologies—and strategies that are driven by an analysis that blames those problems on underlying structural inequities, and that engages in challenges to those structural inequities. The tension Halpern describes is particularly evident in efforts at economic development. In that arena, there is a diversity of opinion on whether the problems of the inner city are correctable within the context of market capitalism or whether they require a more thoroughgoing reform of our economy. It is to that debate that I now turn.

II.

LEADING STRATEGIES FOR ECONOMIC DEVELOPMENT

Since the early years of the twentieth century, American social reformers have focused on neighborhood-based solutions to poverty and its side effects.¹³ The philosophical underpinnings of these solutions have varied with each wave of neighborhood-based initiatives. And so have the macro-economic contexts within which the target neighborhoods have been situated. Throughout this century, though, place-based strategies have occupied a consistent place in social reform efforts. The prominence of such strategies is at least partly due to what Halpern describes as American nostalgia for participatory democracy—as exemplified by the New England town meeting model¹⁴—and a tendency for Americans to believe in the power of self-help. He suggests further that this reliance on the “self-help” metaphor enables us to shift blame from society as a whole to those who are poor or in some other way in need of help, thereby letting society off the hook for allowing things to get as bad as they are and certainly absolving those of us *not* in need of any responsibility to change those conditions.¹⁵

13. *See id.* at 29-32 (chronicling the Progressive and settlement movements' focus on the neighborhood as “the unit of civic and national reconstruction”) (citing CLARK CHAMBERS, *SEEDTIME OF REFORM* 116 (1963)).

14. *Id.* at 24.

15. *See id.* at 9 (referring to “Americans' reluctance to face structural causes of poverty and social isolation”). Halpern notes also that “[w]e simultaneously assume that poor people, particularly poor minorities, cannot govern their own lives, thus caseworkers, and so forth, and then ask them to solve their own problems.” *Id.* at 12.

Halpern considers these animating principles of place-based strategies in light of the inexorable drain of resources from the communities that we expect to help themselves. Local institutions deteriorate and die; the successful residents of the community leave; public resources dry up in a frenzy of budgetary “downsizing”. Perhaps most troubling, the surrounding urban economy of the 1990s has become almost wholly devoid of economic opportunity beyond dead-end service sector and information management jobs, the latter being available only to the highly educated. This economic condition is the result of a trend that had eroded much of the urban job base even before the early 1960s, when the second great wave of African-American migration changed the demographics of many northern inner cities.¹⁶ As Halpern puts it, “[Southern African-Americans] were caught at the wrong end of urban industrialization.”¹⁷ Manufacturing job opportunities that were available to earlier immigrants to American cities were dwindling by the beginning of the 60s. And as bad as the urban economy was then, it is far worse today.¹⁸

In light of these conditions, Halpern doubts very much the efficacy of community-based problem solving, absent some tangible connection to the larger economy. While residents of inner city neighborhoods are economically excluded, the more troubling phenomenon, according to Halpern, is their “absolute isolation” from contact with other parts of society.¹⁹ This has two immediate effects: It allows the rest of society to forget about the residents of the inner city and it encourages feelings of abandonment and isolation among community residents—feelings more familiar to residents of internal colonies.²⁰ He is surely right on both counts.

16. See generally Nicholas Lemann, *THE PROMISED LAND* (Vintage 1992) (1991) (chronicling wave of African-American migration from American south to northern industrial cities during latter half of twentieth century).

17. HALPERN, *supra* note 2, at 61.

18. The job base in Chicago, Detroit, and New York City declined by 842,000 net jobs from 1967 to 1987, while the outlying suburbs of those three cities saw a net increase of 1,672,000 jobs during the same period. E. Douglass Williams & Richard H. Sander, *The Prospects for “Putting America to Work” in the Inner City*, 81 *GEO. L.J.* 2003, 2022 (1993). This trend has been noted in many other cities throughout the United States. *Id.*

19. See HALPERN, *supra* note 2, at 225-33 (noting exclusion and segregation as “critical impediments” to neighborhood revitalization).

20. The phrase “internal colonies” is used in this paper to draw parallels between urban neighborhoods in the United States and communities elsewhere that are forced, by a combination of *de jure* and *de facto* segregation, to live, without any powers of self-determination, apart from yet within the borders of, a dominant culture. Examples abound, and include the banthustans of South Africa, the Korean-Japanese ghetto in Kamagasaki, and the Jewish neighborhoods of Eastern European cities throughout most of the last five hundred years. Malcolm X offered an alternative definition—of “segregated communities”—that captured the essence of the internal colony:

A segregated district or community is a community in which people live, but outsiders control the politics and the economy of that community. They never refer to the white section as a segregated community. It’s the all-Negro section that’s a segregated community. Why? The white man controls his own school, his own bank, his own economy, his own politics, his own everything, his own community—

In sketching his picture of urban economies, Halpern strikes at the nerve of the future of community development efforts—place-based or otherwise. Neighborhood-based initiatives in the 1960s were undertaken against a backdrop of urban economies that, while on the decline, at least offered some hope of job opportunities. Neighborhood-based initiatives today operate within the constraints of a far more desolate urban economy.²¹ Until large scale, long term solutions to rebuilding these urban economies are developed and financed, it is hard to imagine conditions in our most blighted communities improving.

Halpern discusses two approaches currently inspiring popular and financial support, if not actually fostering large scale, lasting change. The first involves razing the inner city and moving its residents to the suburbs; the second the development of comprehensive, resource-rich, collaborative efforts at community revitalization, spearheaded by resident-controlled, professionally staffed community-based organizations. Halpern endorses the latter, neighborhood-based approach, then offers the additional suggestion that these efforts should focus particularly on helping urban residents find jobs while also building bridges between these internal colonies and the larger society.²² I will discuss these two approaches briefly before proceeding to Part III where I suggest that the focus on whether a strategy is place-based or place-neutral is less important than asking whether a given strategy has the potential to substantially increase economic opportunities for residents of our inner city neighborhoods.

but he also controls yours. When you're under someone else's control, you're segregated. They'll always give you the lowest or the worst there is to offer, but it doesn't mean you're not segregated just because you have your own. You've got to *control* your own. Just like the white man has control of his, you need to control yours.

Malcolm X, *The Ballot or the Bullet*, in MALCOLM X SPEAKS 23, 42 (George Breitman ed., 1989).

21. The desperate condition of the American urban economy, particularly within older northeastern inner cities, has become commonplace, hardly meriting the presentation of evidence, which abounds in every measure of economic inequality and despair. One clear example of such a measure is the fact that unemployment among African-American men ages 16-64 in major northeastern cities was 57% in 1990. Porter, *supra* note 3, at 64. Deindustrialization in those cities has had a disparate impact on African-American men. MELVIN L. OLIVER & THOMAS M. SHAPIRO, BLACK WEALTH/WHITE WEALTH 26 (1995) ("Black men, especially young black men, are more likely than whites to lose their jobs as a result of economic restructuring. . . . From 1979 to 1984 one-half of black males in durable-goods manufacturing in five Great Lakes cities lost their jobs."). Instead, in many areas the illicit drug trade and its ancillary businesses may represent the most (if not the only) vital local commerce, and its kingpins the most successful local entrepreneurs. See HALPERN, *supra* note 2, at 81. Halpern tells us that in some neighborhoods drug dealers have provided financial incentives to young people to stay in school, scholarships for them to further pursue their education, and loans to other neighborhood residents. *Id.* at 81-82.

22. HALPERN, *supra* note 2, at 228-33.

A. *The First Approach: Shut Down The Inner City*

Spatial mismatch theory²³ tells us that jobs in metropolitan areas can be found, but that they are in the suburbs, while the unemployed people who need the jobs are not.²⁴ A fashionable response to this widely accepted analysis is to come up with ways of moving the people closer to the jobs, rather than fighting market forces to relocate the jobs to the inner city. Halpern alludes to two such approaches: Programs that assist poor people in moving to the suburbs²⁵ and programs that assist them in clearing the hurdles that stand in the way of a job in the suburbs (including job training, job referrals, and transportation assistance to and from work).²⁶

Moving poor people to the suburbs is prohibitively expensive and may find fierce opposition in both inner city neighborhoods and in the suburbs. As a society we struggle with the reconciliation of cultural difference and

23. See, e.g., John F. Kain, *Housing Segregation, Negro Unemployment and Metropolitan Decentralization*, 82 Q.J. ECON. 175 (1968) (articulating theory that explained urban unemployment trend as result of shift in location of jobs and inadequate metropolitan public transportation systems).

24. See, e.g., WILLIAM J. WILSON, *THE TRULY DISADVANTAGED: THE INNER CITY, THE UNDERCLASS, AND PUBLIC POLICY* (1987); Michael H. Schill & Susan M. Wachter, *The Spatial Bias of Federal Housing Law: Concentrated Poverty in Urban America*, 143 U. PA. L. REV. 1285 (1995) (analyzing the role of federal housing policy in concentrating inner-city poverty); Williams & Sander, *supra* note 18 (assessing theories explaining unemployment patterns among African-American men and canvassing various policy responses).

25. The leading example of this approach is the Gautreaux model in Chicago, an initiative to relocate inner city residents to suburbs. The initiative arose from a consent decree in a lawsuit successfully alleging housing discrimination in the location of housing projects in Chicago. See *Gautreaux v. Chicago Hous. Auth.*, 503 F.2d 930 (7th Cir. 1974) (mandating housing integration through provision of housing opportunities for minority public housing residents in both integrated Chicago neighborhoods and in suburbs), *aff'd sub nom. Hills v. Gautreaux*, 435 U.S. 284 (1976); see also Gilbert Jimenez, *Last Call for a Dream as Housing Effort Ends*, CHICAGO SUN-TIMES, Jan. 13, 1996, at 1 (noting end of Gautreaux program, and its success in aiding relocation of 7,100 families from public housing to suburbs); Flynn McRoberts, *Gautreaux Housing Program Nears End*, CHICAGO TRIBUNE, Jan. 12, 1996, at 1 (same; also noting that 80% of families in program were unable to find landlords in suburbs willing to accept program rent vouchers, thereby limiting to 5,500 the number of families relocated to suburbs); Schill & Wachter, *supra* note 24 (suggesting policy alternative for deconcentrating the inner-city poor); Michael H. Schill, *Deconcentrating the Inner City Poor*, 67 CHI.-KENT. L. REV. 795 (1991) (noting the benefits of the Gautreaux Assisted Housing Program as instituted in Chicago); James Bock, *Will Moving the Poor Make a Difference?*; *Debate Rages as Moving the Poor Shows Good Results*, BALTIMORE SUN, Feb. 4, 1996, at J1 (describing local reaction to proposal to implement Gautreaux model in Baltimore).

26. Job training programs include Esperanza Unida in Milwaukee, Wisconsin (a network of auto repair training businesses); Asian Neighborhood Design in San Francisco, California (a furniture manufacturing company linked to a training facility and job placement services); and YouthBuild, USA (a national network of not-for-profit construction companies that train community residents in their late teens and early twenties in the construction trades while building affordable housing). See generally Seedco, *Partnerships for Self-Sufficiency*, Dec. 7-9, 1994 (Seedco Conference Report) (describing range of training businesses around United States) (on file with the N.Y.U. REV. L. & SOC. CHANGE).

assimilation.²⁷ "Dispersal strategies" directly implicate that struggle. Will transplanted inner city residents be expected to give up the very real and affirming strides they have made in making school curriculum responsive to their history, literature, and culture? Will their new communities welcome them as different, or generate tremendous social pressure to conform? Will "conformity" be attainable even if accepted by the new residents as the cost of economic opportunity? The settlement house movement had its roots in a similar set of questions.²⁸ The answers offered then would play differently today, as assimilation has lost its luster as a national goal.²⁹

Dispersal strategies also repudiate the broad, society-wide social change aspirations of social reform advocates.³⁰ Indeed, dispersal strategies involve the jettisoning of the community as the medium/laboratory for those reforms. Community-based initiatives have the potential to develop alternative economic systems; dispersal models embrace the capitalist system (and implicitly, its abandonment of urban neighborhoods), doggedly following it to the suburbs. Taken to its logical extreme, this approach suggests relocation to maquiladoras in Mexico, or to Malaysia, or into American prisons, as our economy continues to shift and capital to stretch its

27. Itself a term freighted with political and social meaning, "assimilation" is used here to denote the subordination of difference to a hegemonic norm, whether of culture or morality.

28. Halpern frames this as the "difference dilemma" (borrowing the phrase and concept from MARTHA MINOW, *MAKING ALL THE DIFFERENCE* 25 (1990)) facing the settlement movement in the first part of this century. See HALPERN, *supra* note 2, at 13, 36-39. As he puts it:

[A]cceptance into the collectivity or mainstream was "predicated upon acceptance by [immigrants] of mainstream institutions and their prerequisites. This results in a paradoxical situation in which the newly arrived group unintentionally connive at their own repression—and by repression here I mean no more than the ability to express difference freely."

Id. at 37 (quoting SHELDON WOLIN, *THE PRESENCE OF THE PAST* 15 (1989)). Whether difference in contemporary American society can only be honored through separatism is hard to know (and outside the scope of this book review). It seems clear, however, that as was the settlement movement before it, these spatial mismatch solutions are driven at least partially by the goal of assimilation. It is equally clear that as a society, we are still trying to understand assimilation as something that may not necessarily eradicate (or repress) difference. Thus, the displacement of urban residents, particularly if people of color, to the suburbs may come at the cost of, while also ("paradoxically") despite, difference.

29. This debate rages on as the century draws to a close. Compare RICHARD RODRIGUEZ, *HUNGER OF MEMORY: THE EDUCATION OF RICHARD RODRIGUEZ* (1988) (decrying bilingual education as an impediment to full participation in American society) with Signithia Fordham, *Racelessness as a Factor in Black Students' School Success: Pragmatic Strategy or Pyrrhic Victory?*, *HARV. EDUC. REV.*, Feb. 1988, at 54 (arguing that "racelessness" is attained only at great cost).

30. These aspirations range from wholesale reform of the capitalist system to minor tinkering along its edges, and include such specific strategies as mutual housing associations (and other similar vehicles to promote social housing) and worker ownership. See below for a fuller discussion of some of these aspirations.

wings, enjoying its ever increasing mobility.³¹ Most troubling, the dispersal model appears to view unemployed residents of inner city neighborhoods not as community members, but as fungible inputs for the capitalist production process.

The consequence of dispersal strategies is a "weeding out" of individuals and communities.³² Some residents are left behind as unlucky (in the lottery system of *Gautreaux*) or unworthy (if job "readiness" or other similar criteria are used to choose the few who have the "opportunity" to leave their communities). The communities themselves are also weeded out. Urban renewal demonstrated the fragile vitality of the social networks in urban neighborhoods.³³ Advocates of the *Gautreaux* model and its progeny, in their approach to the problem of spacial mismatch, happily trade in the benefits of community for the hope of suburban jobs.

Strategies that provide inner-city residents with preparation and referrals for, and transportation to, suburban jobs are a variation on the dispersal theme. These strategies may be an effective means of addressing at least the employment needs of inner-city residents. These strategies assume the existence of jobs in the suburbs—an assumption that grows more tenuous every day and sidesteps questions about the quality and permanence of those jobs. The infirmities that undercut dispersal strategies similarly plague job readiness approaches, although to a lesser degree. These boil down to a limited commitment to the geographic community from which the workforce comes, and in which the workers still live. Strategies developed in response to spatial mismatch theory assume implicitly as a long term result the dispersal of residents to locations nearer their jobs. One need only read the newspaper today to realize the irony in that policy prescription.³⁴ One set of alternatives to strategies that bank on the existence of jobs as a byproduct of our market system are those that focus on

31. Prisons have become an alarmingly acceptable source of low-cost labor for a variety of American industries, from micro-breweries to airlines. Given the high rate of incarceration among African-American men, these prison work programs represent a substantial job creation program undertaken through partnerships between state governments and the private sector. See Christian Parenti, *Making Prison Pay: Business Finds the Cheapest Labor of All*, THE NATION, Jan. 29, 1996, at 11, 12-13.

32. A phrase that resonates in an unfortunate way with the Bush Administration's primary inner city initiative, announced on the heels of the Los Angeles riots in 1992—"Weed and Seed." See Clifford Krauss, *Riots and Reading Lips*, N.Y. TIMES, Oct. 10, 1992, at 1.

33. One theme that appears consistently in the scholarly and political reaction to urban renewal was the deleterious effect of the destruction of a physical community on the individual and collective psyches of that community's residents. See, e.g., HERBERT J. GANS, THE URBAN VILLAGERS (updated & expanded ed. 1982); JOHN H. MOLLENKOPF, THE CONTESTED CITY (1983); URBAN RENEWAL: PEOPLE, POLITICS AND PLANNING (Jewel Bellush & Murray Hausknecht eds., 1967).

34. See, e.g., *The Downsizing of America*, N.Y. TIMES, Mar. 3-Mar. 9, 1996 (seven-part series) (describing repercussions of fundamental economic restructuring, resulting in mass layoffs of middle management throughout United States); John Holusha, *Squeezing the Textile Workers; Trade and Technology Force a New Wave of Job Cuts*, N.Y. TIMES, Feb. 21, 1996, at D1 (documenting consistent "hemorrhage" of jobs in textile industry in southern

creating opportunity—by creating a *demand* for jobs in low-income communities. Some of these models are considered in the next section.

B. Community Building in the 1990s

Community is the value that drives the other set of initiatives Halpern discusses—i.e., the “community building” efforts. These initiatives, reminiscent of the early days of the Model Cities program,³⁵ involve the investment of substantial funds, over a period of several years, in community-based efforts that (a) pool the resources of various community institutions, emphasizing cooperation and collaboration; (b) promise holistic approaches to the entire spectrum of community needs; and (c) emphasize both gathering information from and building leaders among community residents.³⁶

These themes resonate throughout the history of community-based development, service provision, and organizing. The emphasis on collaboration, and the recognition that community residents have a wide variety of needs, is in part a reaction to the specialization that characterized the rise of social work as a profession during the 1920s, and is a return to some of the guiding principles of the settlement house movement at the turn of the century. (Absent as of yet from the community-building efforts is an ideological underpinning to parallel the assimilationist goals of the earlier movement, although the outlines of an ideology are vaguely taking shape—self-reliance and a presumption against government intervention characterize each of the three community-building initiatives Halpern describes.³⁷)

states, portraying an industry the future success of which “hinges in large part on its ability to squeeze out as many American jobs as possible from the production process”); *see also* Joshua P. Rubin, *Take the Money and Stay: Industrial Location Incentives and Relational Contracting*, 70 N.Y.U. L. REV. 1277, 1299-1314 (1995) (describing effects of plant closings on local communities, and chronicling frequency with which plants close).

35. For a description of the Model Cities program, see CHARLES M. HAAR, *BETWEEN THE IDEA AND THE REALITY: A STUDY IN THE ORIGIN, FATE, AND LEGACY OF THE MODEL CITIES PROGRAM* (1975).

36. HALPERN, *supra* note 2, at 198.

37. Halpern focuses on the Dudley Street Neighborhood Initiative in Boston, Massachusetts, *id.* at 202-05; the Comprehensive Community Revitalization Program (“CCRP”) in the Bronx, New York, *id.* at 205-08; and Community Building in Partnership in Baltimore, Maryland, *id.* at 208-12. His critique may be found at *id.* at 198 (“[G]overnment, mainstream institutions such as schools and housing authorities, cannot be viewed and treated as adversaries that have to be pressured to reform.”) None of these efforts spend a lot of time demanding service or resources from local, state, or federal government. This may be a luxury of generous foundation support, and as that support has diminished (by design) in the CCRP initiative, the participant organizations have begun to seek out government funding, suggesting that the disdain for existing service bureaucracies is less deliberate. However, the institution-building focus in Baltimore and within CCRP suggests that the concept is one of creating an alternative government, rather than more effectively commanding better government service. The absence of ideology is a conscious choice by some of these community-building efforts, borne as they are out of mimesis of private sector housing and business development. *See* NEAL R. PEIRCE & CAROL F. STEINBACH, *CORRECTIVE CAPITALISM: THE RISE OF AMERICA’S COMMUNITY DEVELOPMENT CORPORATIONS* (1987).

While Halpern endorses the work of the community-building initiatives he describes,³⁸ he raises a series of questions about their work and its larger implications. In particular, he presents the proponents of community-based initiative with two challenges: To respond to the economic despair enveloping urban and rural communities in the United States by creating economic opportunity for the residents of those communities, and to address the deep feelings of isolation and alienation those residents have towards the rest of society. The first of these seems to be the right question to ask; the second, I think, misses the point.

III.

JOB CREATION AND RETENTION, AND THE CREATION OF ECONOMIC OPPORTUNITY

As the flames died down in Los Angeles in 1992 and the country struggled to come to terms with the outpouring of anger and destructive energy that marked the rendering of the verdict in the trial of the police officers accused of beating Rodney King, a drastic shift occurred under the feet of many involved in community-based development. That shift would alter the movement's focus from "Housing, housing, housing" (the response to people who would ask what could be done for those who became homeless during the 1980s) to "Jobs, jobs, jobs." From President Clinton's rallying cry ("It's the economy, stupid") to the creation of the Local Initiatives Support Corporation's "Retail Initiative,"³⁹ the emphasis of community-based initiative changed course and began focusing on job creation. A nationwide recession sharpened this new focus.

The reaction, and the results, have thus far been mixed.⁴⁰ The capacity of CDCs to develop housing, while far from universally acclaimed, had led

Precedent exists, however, for alternatives to government as part of a radical critique of government. See *THE BLACK PANTHERS SPEAK: THE MANIFESTO OF THE PARTY* 168-75 (Philip S. Foner ed., 1970) (describing school breakfast and other community programs initiated by Black Panther Party to reveal inequities in government services).

38. HALPERN, *supra* note 2, at 202-12.

39. LISC, created by the Ford Foundation, focused much of its energy on syndicating low income housing tax credits on a national basis to facilitate the development of low income housing. It entered the commercial development arena in 1992, with its Retail Initiative. Maggie Garb, *Inner-City Retailing; LISC Gives a Lift to Urban Supermarkets*, N.Y. TIMES, Nov. 8, 1992, § 10 (Real Estate), at 5. The program focused on developing inner city shopping centers. Development is guided by community development corporations, in turn assisted by LISC and a battery of consultants. LISC provides equity and works with local financial institutions to raise additional capital. The first such effort involving LISC in New York City will create a 53,000 square foot supermarket on 125th Street in East Harlem. See Brett Pulley, *East Harlem Supermarket is Approved*, N.Y. TIMES, Apr. 28, 1995, at B1 (outlining project costs of \$12 million, to which LISC contributed \$1.5 million in equity).

40. For a representative sample of the reaction, compare Nicholas Lemann, *The Myth of Community Development*, N.Y. TIMES, Jan. 9, 1994, § 6 (Magazine), at 26, castigating CDCs as ineffective vehicles of economic development, with letters to the editor in response, N.Y. TIMES, Jan. 30, 1994, § 6 (Magazine), at 6 and N.Y. TIMES, Feb. 13, 1994, § 6 (Magazine), at 16.

to high expectations in the area of business development and job creation. These expectations seem grounded on a faulty premise: That the skills needed to develop low cost housing for poor people easily translate to the development of businesses for the same constituency. The differences between housing and business development are, however, more numerous than are the parallels.

First, the government⁴¹ provides a steady (albeit declining) stream of subsidy dollars for housing development, and more importantly, for rental assistance. By comparison, while the government endeavors to provide assistance in the creation of businesses (primarily through loans and loan guarantees), it provides little subsidy beyond preferences in contracting that favor some categories of small businesses⁴²—and those preferences rarely favor businesses that employ poor people, but rather businesses owned by women or people of color.⁴³ Second, even were government subsidies available in a business development context, there is a threshold question of whether subsidies work in business. After all, even socially-oriented businesses (located in and providing employment for low income communities) must compete against other businesses for profit. This is distinguished from low income housing—a product unfortunately characterized by a lack of competition. Third, global competition, which is driven increasingly by falling labor costs and a general “race to the bottom,”⁴⁴ has a profound influence on most businesses (except for intrinsically local businesses⁴⁵), while geographically constrained housing markets are less susceptible to global economic trends. Fourth, the dynamic nature of business requires rapid decision-making and aggressive management, that may require the compromising of social or utilitarian goals, while housing can be

41. References to government are deliberately imprecise, as the variation among states and localities and the hodgepodge of federal programs involved defy more specific analysis (analysis unnecessary to this argument).

42. *But see* *Adarand Constructors, Inc. v. Peña*, 115 S. Ct. 2097, 2111 (1995) (holding that “any governmental actor subject to the Constitution must justify any racial classification . . . under the strictest judicial scrutiny” and thus threatening a wide range of government contracting procedures that favor businesses owned by women and people of color).

43. An exception to this general rule is the Targeted Jobs Tax Credit, which allows businesses a tax credit for each job provided to a previously low-income person. 26 U.S.C. § 51 (1995).

44. HOLLY SKLAR, *CHAOS OR COMMUNITY* 35-53 (1995) (describing “race to the bottom”). *Cf.* Rubin, *supra* note 34, at 1311-14 (describing “race to the bottom” as it involves plant relocation decisions within the United States).

45. Even these businesses, however, which include such service sector industries as home health care, food services, and automobile services, to name a few, are subject to pressures from larger economic trends. For example, home health care funding, which comes from a combination of state and federal Medicaid and Medicare reimbursements, shrinks as the tax base of the state declines. The shrinking funding, of course, also reflects a political decision regarding which constituents will bear the burden for a declining tax base or pay the price for tax cuts, or both, but such political decisions are themselves often affected by a perception of larger economic trends.

managed more consistently with those goals.⁴⁶ A fifth difference rests on a somewhat elusive idea, best expressed as the existence of a “not-for-profit mindset” that is qualitatively different from that of the businessperson. This difference is manifest in the fact that the person who works for the non-profit has, at the very least, chosen to work for something other than her own personal financial profit; presumably, the businessperson is motivated at some level by personal financial gain.

Despite these and other differences between non-profit housing development and the creation and management of businesses, the background assumption about community-based economic development is that it is naturally the province of the CDC. One defense of this assumption is that the CDC is often the most committed, most sophisticated financial institution in the community. However, in addition to the differences outlined above, the CDC brings a geographic focus that may hinder the business development process. Locational factors place relatively low on the scale of critical decisions in the creation of a business; I suspect it is unusual for a business to begin with the presumption (much less the requirement⁴⁷) that the business be located in a particular neighborhood. Taking a less strong form of the geographic targeting of the CDC, businesses are similarly unlikely to spring into existence with a presumption that they will hire only from a specific neighborhood.⁴⁸ Economic development strategies housed within CDCs, while affording access to capital and some financial or asset management expertise, start out at a competitive disadvantage because of these geographic constraints.

The experience of the CDC sector over the last thirty years, as chronicled by Halpern, suggests a deeper problem—an endemic lack of scale in community job creation efforts. Putting aside the question of whether our economy is in a period of adjustment at the end of which the absolute

46. Although the decisionmaking timeframe may be somewhat slower in housing management, the role of the landlord, like that of the businessperson, is not devoid of conflict with broader social goals. The decision to evict someone, like the decision to lay someone off, runs counter to the social goals of the project. However, the decision to lay someone off deviates from the decision to evict in so far as the actions of the employee are often irrelevant to the decision to lay him or her off, whereas it is more the actions (nonpayment of rent, for example) of the tenant that precipitate the eviction, rather than economic exigencies afflicting the building as a whole.

47. By contrast, such requirements are often imposed on CDCs by funding sources, government agencies, the CDC's own organizational documents and mission, or relationships to adjacent CDCs and communities.

48. Although community groups have successfully imposed such requirements on entering businesses, most notably in the context of commercial real estate development projects in which lease terms include hiring targets. PathMark has been involved in several retail developments in which the support of a local CDC (both financial and political) has been exchanged for local resident job targets. The most notable of these is in Newark, New Jersey, sponsored and part-owned by New Communities CDC. It is unclear whether these initiatives, undertaken by *private* entities yet infused with generous government subsidies, would be able to escape the recent retrenchment in job set-asides, evidenced most obviously by *Adarand Constructors, Inc. v. Pena*, 115 S. Ct. 2097 (1995).

number of jobs is just going to be fewer than it was ten years ago,⁴⁹ the number of jobs produced by the community development movement pales in comparison to the net job loss in communities served.⁵⁰ Meeting the growing demand for quality jobs for residents of beleaguered inner city communities will require businesses of some scale, in turn requiring access to more capital and placing a greater strain on the management capacity in those communities. While the foundation community has become increasingly willing to commit resources to business development over the last four or five years, its resources are limited, and inadequate to finance the growth of businesses to a size where they begin to meet their communities' demand for jobs. Government sources are similarly constrained. In both cases, even assuming unlimited resources, their deployment in private business enterprises seems somewhat inappropriate, particularly if those businesses are run to turn a profit.

The private equity market (including venture capital and leveraged buyouts) is one possible alternative source of capital. In 1995, these markets provided \$27 billion in equity capital for start-up and early stage businesses and management-led buyouts of existing firms.⁵¹ The capital markets more generally, and particularly the market for initial public offerings, have also been a plentiful source of capital these last several years. But access to the private capital markets requires a commitment of a large share of the profits of a business to the investors, limiting the ability to invest in the workforce and thus compromising the ability of the business to meet social as well as business goals. Similarly, reliance on the public markets necessitates a level of fealty to bottom line profits and the opinions of the financial analyst community that may run counter to the ethos, if not the actuality, of businesses driven by a social bottom line. And while it is true that most of the money in the capital markets is invested by pension funds⁵² that themselves may be associated with organizations with broad social agendas, those agendas are highly constrained by the legal regime in

49. This issue is outside the scope of this review.

50. One recent study estimates that community-based economic development efforts have produced between 67,641 and 90,000 jobs over the last thirty years. NATIONAL CONGRESS OF COMMUNITY ECONOMIC DEVELOPMENT, *TYING IT ALL TOGETHER: THE COMPREHENSIVE ACHIEVEMENTS OF COMMUNITY-BASED DEVELOPMENT ORGANIZATIONS* 12 (1995). By contrast the "job demand" is overwhelming. In New York City alone, estimates of the number of people on welfare put the number as high as 470,000. Alan Finder, *Welfare Clients Outnumber Jobs They Might Fill*, N.Y. TIMES, Aug. 25, 1996 at 1. While this is not a clear indicator of the total number of jobs needed in New York City, it does begin to illustrate the magnitude of the problem facing community economic development practitioners. Other measures, both quantitative and qualitative, of the problem can be found in WILLIAM JULIUS WILSON, *WHEN WORK DISAPPEARS: THE WORLD OF THE NEW URBAN POOR* (1996).

51. *Fund Raising in '95 Shatters Record, Soaring 29% to Reach \$27 Billion*, PRIVATE EQUITY ANALYST, Jan. 1996, at 1.

52. Assets of pension funds in the United States total nearly \$3 trillion. Peter Pitegoff, *Urban Revitalization and Community Finance: An Introduction*, 27 U. MICH. J.L. REF. 1, 14-15 (1994).

which the fund managers, as fiduciaries, operate, forcing them to adhere to the market's emphasis on short-term profits.⁵³

Although CDCs offer an ability to access capital, both because of their track record in asset management in the housing arena and because of their relationships to financial institutions, that advantage may be leveraged to greater effect by placing CDCs in the role of financial intermediaries, at least with regard to the creation of businesses and jobs in their communities (or jobs for the residents of their communities). CDCs' core competencies, at least those developed through housing production and management, do not lend themselves to the development and management of businesses, in general.⁵⁴ Some CDCs, realizing this, have begun to develop their capacity to support local business through the creation of a variety of financial institutions. Examples include credit unions, loan funds, and most recently, equity funds. The Clinton Administration has pledged federal funds to this nascent wing of the community development movement⁵⁵; although these funds are limited thus far (and do not appear to be increasing any time soon), the direction is a promising one.

While the community development financial institution model begins to address one obstacle to inner city business development—the shortage of capital for such businesses—it may not be paying enough attention to another obstacle: The dearth of local business management expertise.⁵⁶

53. See, e.g., Employee Retirement Income Security Act of 1974 § 404(a)(1), 29 U.S.C. § 1104(a)(1) (1988 & Supp. V 1993) (defining fiduciary duties for managers of private pension funds); ZANGLEIN, *supra* note 52, at xi n.28 (defining same for managers of public employee pension funds). There are examples of pension funds making investments in companies that protect the immediate economic interests of their beneficiaries; for example, the employee buyout of Marland Mold of Pittsfield, Massachusetts, was accomplished only through the timely commitment of \$800,000 in equity from the union pension fund. Lewis C. Cuyler, *Now it's Marland, and Workers and IUE Own It*, THE BERKSHIRE EAGLE, Oct. 3, 1992, at A1.

The capital markets are remarkably sensitive to adjustments or even clarifications of incentives and constraints. An example is the dramatic increase in investment in the private equity market by pension funds following a more permissive interpretation of ERISA's "prudent man" standard by the Labor Department in 1979. This action "almost immediately triggered a response in the market for small-company stocks and the new issues-market." GEORGE W. FENN, NELLIE LIANG, & STEPHEN PROWSE, *THE ECONOMICS OF THE PRIVATE EQUITY MARKET* 10 (Board of Governors of the Federal Reserve System 1995). 54% of large pension funds, endowments, and foundations invested in private equity in 1992; only 11% made such investments in 1975. *Id.* at 45. This suggests that at least some of the participants in the private equity markets might be equally responsive to incentives for investment in, for example, employee buyouts (e.g. labor union pension funds).

54. See *supra* notes 40-46 and accompanying text.

55. Community Development Banking and Financial Institutions Act of 1994, 12 U.S.C. § 4701 et seq. (Supp. 1994). The Empowerment Zone legislation also funds community groups in the role of financial institution or intermediary. See 26 U.S.C. §§ 1394, 1396 (Supp. 1994); 42 U.S.C. § 1397f (1994).

56. Many community development financial institutions do provide technical assistance and in some cases, entrepreneurial training. An example is LEAP, the not-for-profit sponsor of the Community Capital Bank in Brooklyn, New York. However, few are dedicated to developing management capacity as a primary goal.

Many successful entrepreneurs come from entrepreneurial families.⁵⁷ However, not being from a family of entrepreneurs may be a false negative; being the first from one's family to start a business does not make one unable to succeed.⁵⁸ Nonetheless, not being able to stand on the shoulders of one's family and community has implications for the success of an entrepreneurial venture. Advice is harder to come by, as are financial resources more available in affluent or even middle class communities.

Some community development practitioners have begun to apply a venture capital model in which they, as equity investors, become actively involved in the management of each portfolio company.⁵⁹ This model holds some promise as a surrogate for a relative with business experience (although the differences between one's own family and an equity investor are not to be underestimated). And the demands of the role of equity stakeholder, particularly when coupled with one's responsibility to private, profit-seeking investors, force the community development practitioner to "apply the disciplines of business," in the words of one such practitioner. Again, as with engagement with the mainstream private and public capital markets, those disciplines of business may divert attention from, if not force the abandonment of, broader social goals. But at each turn, that is precisely the challenge the community development movement must squarely face. Its practitioners must reconcile the competing demands and mandates of the private capital markets and the mainstream, worldwide economy on the one hand and their social goals and the needs of their constituents on the other hand. That reconciliation *must* result in a bridge that enables money and expertise (and contracts and other economic and social goods) to cross from the mainstream into the inner city economy.

The foregoing discussion presupposes some intrinsic value in community-based efforts at business development in the inner city, in turn implying an endorsement of place-based strategies. Some working towards the

57. See, e.g., Stephanie Gruner, *The Annotated CEO*, INC. MAGAZINE, Oct. 17, 1995, at 56 (noting that 41% of entrepreneurs running 500 fastest growing private companies in 1995 were children of business owners).

58. See, e.g., Porter, *supra* 3, at 64. Porter has begun to actively address this problem through the development of a management training institute dedicated to fostering the growth of urban management capacity. See also Timothy Bates, *Why Do Minority Business Development Programs Generate So Little Minority Business Development?*, 9 ECON. DEV. Q. 3, 6 (1995) (suggesting business development efforts should be targeted to better-educated minority entrepreneurs with financial and other resources). Inspired in part by Professor Bates' findings, a group of African-American entrepreneurs, financiers, and business school professors in and around Chicago have started the Runners' Club, an intensive ten week training program for minority entrepreneurs interested in running their own businesses. Participants learn the skills needed to run a successful business while each develops a business plan. At the end of the program, the best plan will receive a loan or investment of \$250,000 from the South Shore Bank.

59. Examples include Northeast Ventures in Duluth, Minnesota; Commons Capital in Massachusetts; Coastal Enterprises (CEI Ventures, Inc.) in Maine; and Kentucky Highlands Investment Corporation in Kentucky.

economic revitalization of the American inner city question both assumptions. Whether they advocate purely private sector solutions, and see government as a catalyst for increased private sector activity,⁶⁰ or whether they prefer not-for-profit driven but non-geographically-specific approaches,⁶¹ they seem to agree that the CDC as such has little to add to the process. I question that, and in responding to those who would turn away from place-based strategies for community based business development, now attempt to answer Halpern's second challenge—whether there remains any place for community in our thinking about community development.

IV.

PEOPLE-CENTERED DEVELOPMENT

Halpern gently chides the community development movement for failing to articulate, much less act on, a clear critique of capitalism.⁶² He also quotes Wendell Berry on the importance of the "combination of self-sufficiency and interdependence that sustains a community."⁶³ Berry is as good a place to start as any in defense of community, and therefore of place-

60. See Jack Sommer, *United States Urban Policy: What is Left? What is Right?*, 27 U. MICH. J.L. REFORM 661 (1995) (arguing against a general national urban policy, favoring instead private sector initiatives that support individuals instead of urban places); Porter, *supra* note 3, at 56 (advocating the creation of private, for-profit initiatives). A cautionary tale about the faith we should place in private industry to invest in inner city communities out of a sense of social responsibility is found in the story of Stride Rite's factory in Roxbury, in the community that organized the Dudley Street Neighborhood Initiative. A founding member of Businesses for Social Responsibility and a philanthropic leader in New England (and a consistently profitable company), Stride Rite nonetheless shut its Roxbury factory in 1993, laying off 340 community residents. Joseph Pereira, *Split Personality: Social Responsibility and Need for Low Cost Clash at Stride Rite*, WALL ST. J., May 28, 1993, at A1. This decision was driven by a search for "labor bargains," that had become a "'Holy Grail'" for the company. MEDOFF & SKLAR, *supra* note 4, at 190-91.

61. An example is Cooperative Home Care Associates (CHCA), a worker-owned home health care company in the Bronx. CHCA was started by the Community Service Society, a New York City philanthropy, without the participation of any particular community-based organization. CHCA now employs over 300 women, many of them former recipients of public assistance. While hiring tends to be concentrated among people in the Bronx and northern Manhattan, the company has not targeted a particular community. The Home Care Associates Training Institute, a not-for-profit working to replicate the CHCA model, has done so in Philadelphia and in Boston, in both cases without substantial involvement from local CDCs. STEVE DAWSON & RICK SURPIN, HOME CARE ASSOCIATES TRAINING INSTITUTE, INC., HOME HEALTH CARE ENTERPRISE CREATION AS A STRATEGY FOR LOW-INCOME COMMUNITY DEVELOPMENT (1994); see also Douglas Martin, *Hiring Welfare Recipients and Making Them Management*, N.Y. TIMES, May 21, 1994, at 26 (documenting success of CHCA).

62. HALPERN, *supra* note 2, at 142-44 ("In its early years, the CDC movement struggled implicitly and at times explicitly with the question of whether it should develop as an ideological alternative to corporate capitalism. . . . In part CDCs' ideological and identity struggles represented an effort to negotiate a continuing series of cruel choices To a certain extent, rather than reinterpreting capitalism, CDCs put themselves in the role of buffer and mediator between the marketplace and the local community.")

63. *Id.* at 144 (citing WENDELL BERRY, *Does Community Have a Value?*, in COLLECTED ESSAYS 180 (1987)).

based strategies. Having made a career inveighing against the evils of the post-industrial, if not the industrial, economy and all the harm those economics have done to our social fabric,⁶⁴ Berry sounds a clarion call for defiantly non-capitalistic values. It is these values that continue to mandate place-based strategies to the problems of the inner cities. For it is in facing those problems that we may find the solutions to the larger, yet not dissimilar, problems that afflict our entire society.

Arguments against rebuilding our urban ghettos—spatial mismatch theory and its progeny, primarily—begin with a conclusion. That is, capitalism has picked up and moved to the suburbs, and we'd best follow it to survive. Now, what we are to make of that statement when it is addressed to the entire population of the United States is another question. Yet that is what the *New York Times* headline screams to us from the front page of the first section of the Sunday paper—"On the Battlefields of Business, Millions of Casualties."⁶⁵ If there remained any doubt that the problems facing residents of American inner cities were uniquely theirs, that doubt is evaporating with our national job base. Short of a Gautreaux program for much of our workforce, airlifting them to goodness knows where, we as a nation need to begin developing and supporting innovative place-based strategies. However, because this is a review of a book itself focused on rebuilding the inner city, I will take the easier task of sketching out a more specific and local place-based strategy and rationale, limiting myself to Halpern's context.

The essence of "place" is that places, and the people who live in those places, are not fungible. Both industrial and post-industrial capitalism have relied, when they could, on the fact that both are. Thus, TWA could replace its striking workers with prison inmates,⁶⁶ and General Motors could shut plants across the Rust Belt and open plants in Mexico.⁶⁷

If we concede that capitalism has indeed moved to the suburbs, how far are we willing to follow it, pulling up roots in a sad reversal of Johnny Appleseed, before we realize that such a pursuit never really ends? This is an even more troubling question when it is us (society at large) suggesting

64. See, e.g., WENDELL BERRY, *THE UNSETTLING OF AMERICA: CULTURE & AGRICULTURE* (1977) (decrying influence of mechanization on agriculture and therefore on American culture).

65. Louis Uchitelle & N.R. Kleinfeld, *On the Battlefields of Business, Millions of Casualties*, N.Y. TIMES, Mar. 3, 1996, at 1. This is the first of seven articles in a series entitled *The Downsizing of America: A National Heartache*.

66. See Parenti, *supra* note 31, at 12-13.

67. See, e.g., Larry Ringler, *More Losses Projected in Manufacturing Jobs*, WARREN, OHIO TRIBUNE CHRONICLE, June 11, 1996, at A4 (stating that "GM parts supplier Delphi Packard Electric Systems has started a five-year process of shipping 1,800 jobs to lower-wage Mexico from its Warren-based Ohio Operations"); *Middle Class Sees High Pay Jobs Fade*, SACRAMENTO BEE, Apr. 1, 1994, at D17 (describing "economic realignment that sends U.S. jobs to Mexico and Malaysia").

to people denied much voice in our political process, and with even less say in our economy, that *they* should move.

Halpern does not endorse a repudiation of place-based strategies. In fact, he applauds much of the success of the community development movement while questioning the large scale efficacy of "deliberate residential dispersal strategies."⁶⁸ However, his recommendation that community institutions emphasize making connections to rapidly receding "surrounding parts of the city," in the face of the continuing flight of both capital, and of anyone able to leave, from American center cities, sounds a hollow note, and his admission that, "neighborhood initiative, like the communities it serves, remains strangely powerful, even in its vulnerability,"⁶⁹ comes a little late in his book. He goes on to suggest that

[p]erhaps I was wrong when I argued earlier that neighborhood initiative is not a transforming strategy. There is a certain transformative value in mobilization and collective action themselves. . . . More than any other social reform strategy, neighborhood initiative has struggled to fuse the visionary with the actual and translate the result into action.⁷⁰

Community development must continue to be transformative—of the physical community, of the outlook of the residents of that community, and of that community's economic context. As they are urged onwards to greater scale, community development corporations can and must continue to question the precepts of capitalism.

I end by suggesting two alternative advantages achieved through the repudiation of the principles of capital mobility and the interchangeability of workers—lower turnover and a deeply and thoroughly committed workforce—and a vehicle through which to realize those advantages—worker ownership. One way to resolve the tension between capital and community is by marrying ownership and workforce on the assumption that the workers will have greater loyalty to their communities than to capital *per se*⁷¹. Worker owned companies consistently outperform a representative sample of traditionally owned industrial companies.⁷² Community-

68. HALPERN, *supra* note 2, at 231-32.

69. *Id.* at 232.

70. *Id.* at 232-33.

71. This alignment of stockholder and worker incentives is a logical extension of the agency theory argument advanced by those who praise the leveraged buyout as a paradigm of economic efficiency. The value of the LBO paradigm is that it ties company performance directly to the compensation of the company's owners and managers. For a fuller explanation of this point, see Michael C. Jensen, *Eclipse of the Public Corporation*, HARVARD BUS. REV., Sept. - Oct. 1989, at 61, 68-69.

72. See Angela Lipscomb Atherton, *The American Capital Strategies Employee Ownership Index*, J. EMPLOYEE OWNERSHIP L. & FIN., Winter 1995 (documenting superior annual and quarterly performance of employee-owned companies compared to Dow Jones Industrial Average).

based businesses have the potential to harness the power of a group of people dedicated to their work far more than any other group of workers.

CONCLUSION

Halpern provides a good introduction to the history of the accomplishments and shortcomings of community-based development throughout the twentieth century. He also does a credible job of framing some of the basic tensions that have run throughout that history. Finally, his admonition to attend to the psychological importance of spatial community, and the connections between communities of wealth and poverty, resonate deeply with late twentieth century attitudes towards the American inner city.

The work's failing is in not taking the analysis of the root causes of these problems *deep* enough or ultimately the policy prescriptions for those problems *far* enough (a criticism not unfairly leveled at the community development movement itself). The book may, on balance, be well worth reading for its historical perspective. As we continue to grasp for solutions to seemingly intractable problems, we can always learn from those who have gone before. Halpern gives us a road map of where we have come from, and from that, a better sense of how we have gotten to where we are. It may be asking too much of the book to tell us also where we should go from here.

