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## **AEI FORUMS**

# **The Urban Crisis**

## **Can Grass-Roots Groups Succeed Where Government Has Failed?**

John Charles Daly, moderator

Sydney Duncan  
Sister Falaka Fattah  
George Kanahele  
Macler Shepard  
Robert Woodson

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**J**OHN CHARLES DALY, former ABC News chief: This public policy forum, part of a series presented by the American Enterprise Institute, is concerned with an extraordinary failure, despite the best will and the massive expenditure of resources over a quarter of a century. Our subject: The Urban Crisis: Can Grass-Roots Groups Succeed Where Government Has Failed?

Since the end of World War II, government in these United States has spent hundreds of billions of dollars on programs to update American cities. Huge appropriations for housing, income transfers, and social services, a persevering search for the Great Society, have, in a few cases, prettified blighted areas. In the main, however, the quality of life in the inner cities has deteriorated. The underprivileged and the poor living there have had terror added to a bleak existence characterized by joblessness, frustration, and despair.

A recent Twentieth Century Fund task force report defined the nature and extent of youth crime in our society. It stressed that although males between the ages of thirteen and twenty constitute only 9 percent of the total population, they account for more than half of all property crime arrests and for more than 33 percent of offenses involving violence. The conclusion of the report is that most young offenders who commit acts of extreme violence and pursue criminal careers come from minority or ghetto backgrounds and, sadder to contemplate, so do their victims.

The litany of incredible failures includes the notorious Pruitt-Igoe housing project in St. Louis. That was a massively funded federal experiment in urban renovation, razed only seven years after it was built. This litany cries out for a reexamination of the policies and the programs of the welfare professional elite.

Our purpose here is to examine a few instances of success amid all the failure: local groups and individuals who have solved many of the problems that have defied solution by large social service

institutions. Happily, we have the documentation right here—members of our panel who have played a major role in signal successes at the grass-roots level across the nation.

Sister Falaka Fattah is the founder, with her husband David, of the House of Umoja in Philadelphia. The police and the traditional social welfare groups in Philadelphia were unable to deal with the city's rampant youth gang warfare, which, in the late 1960s and early 1970s, accounted for some forty deaths and the maiming of hundreds a year. The Fattahs invited a youth gang into their home, at that time, to live with them. From this beginning, they built a framework, now twenty-two houses in all, that has brought peace and a renewal to that part of Philadelphia.

George Kanahale, chairman of the Hawaii Entrepreneurship Training and Development Institute, attacked the nasty fact of unemployment among disadvantaged youth (as high as 16 percent in his area) with a question: Instead of helping the unemployed to find jobs, can we help them create their own jobs?

Robert Woodson is director of the American Enterprise Institute's Neighborhood Revitalization Project. Mr. Woodson has studied the work of neighborhood groups over the past five years and is the author of *A Summons to Life: Mediating Structures and the Prevention of Youth Crime*.

Sydney Duncan is executive director of Homes for Black Children in Detroit, where hundreds of children previously were kept in the child welfare system, shuttled from foster home to foster home. Homes for Black Children has placed more children in permanent homes than all of Detroit's thirteen public and private agencies combined.

MacIer Shepard is cofounder and president of Jeff-Vander-Lou, Inc., of St. Louis. Jeff-Vander-Lou, a neighborhood group, has constructed more than 732 units of housing, facilities for the elderly, and day-care centers, and it has developed manufacturing and service programs that employ hundreds of neighborhood people.

To begin, I would pose the same question to each panel member: Amid all the failures, how is it that your neighborhood group has succeeded?

Sister Fattah?

SISTER FALAKA FATTAH, president, House of Umoja: The reason for our success has been a system of trust, which had to exist before any change could come about. The system of trust is a system that was not based on money but was based on keeping one's word in the street.

SYDNEY DUNCAN, president, Homes for Black Children: Homes for Black Children became a mediator between children in the system who needed families and the families in the community who were willing to take them.

We recognize that black people have a history of adopting children informally. Our awareness of this history enabled us to reach out with the belief that families would come forth if they became aware of the children.

GEORGE KANAHELE, chairman of the board, Hawaii Entrepreneurship Training and Development Institute: There is an entrepreneurial imperative in a great many people. Identifying those people who have that sense of wanting to do their own thing and to become their own boss motivated a group of business people in 1977 to set up the Hawaii Entrepreneurship Training and Development Institute.

MACLER SHEPARD, president, Jeff-Vander-Lou, Inc.: Our group is based on a similar premise. We came together through a crisis that had been pointed out during the early 1960s, that we were the problem and that we had to do something about it. So we organized ourselves to find out whether we were the problem or whether other problems were being blamed on us.

MR. DALY: We are talking about mediating structures, which can be said to include the family, organized religion, voluntary associations, neighborhoods, and ethnic and racial structures.

In various ways all of you have, in beginning, leaned very heavily on the neighborhood concept and on voluntary activity. Alexis de Tocqueville, writing about America in the early 1800s, said voluntary association in America was, in many ways, more powerful as an influence on the people and achieved more than government itself.

Mr. Woodson, you see these mediating structures as perhaps an answer to the question that has not yet found a resolution: the need for urban renewal. Do you see, particularly in our group tonight, all of those elements that can help mightily to make at least a start on correcting the faults of the past?

ROBERT WOODSON, director, Neighborhood Revitalization Project, American Enterprise Institute: Yes. One important element in correcting the faults of the past is to understand the mistakes of the past. One great mistake has been that we have assumed that merely increasing expenditures for the poor, channeling the money through a vast array of professionally run, bureaucratically operated organi-

zations and agencies to revitalize our urban centers was somehow a response to the problem. Since the 1960s there has been a seventy-five-fold increase in expenditures on the poor. We now spend \$240 billion on these problems; yet the conditions seem to be getting worse. We are in danger of creating in our society a permanent underclass consisting of minority and ethnic low-income white people. We ignore the fact that in times of trouble and in crises, most people, particularly low-income people, turn to neighbors. The first seven people they turn to are neighbors, friends, family members, a minister, their church, voluntary groups, and ethnic subgroups. They turn to them in times of trouble, even when a person is a victim of a violent crime. They do not call the police first. They tend to call a friend or a relative who, in turn, counsels them to do so. The eighth person they turn to is a professional service provider. In the face of this reality, we tend to deliver services to the institution of last choice of neighborhood people, instead of relying on the kind of resourcefulness that comes from within these communities, as represented by some of the people here.

MR. DALY: Sister Fattah, you started out with your husband discussing things with one street gang of fifteen in your home. You invited them to come in with you. You did all of this on a shoestring. Then you got some help from local community groups and churches and acquired a second home. You now have twenty-two of these homes for youngsters, about half of which are now in use and the other half in the process of repair so that they can be used; is that correct?

SISTER FATTAH: Yes, that is correct.

MR. DALY: You have said that you wanted to encourage in them an attitude like that of the African extended family. Would you explain what you had in view?

SISTER FATTAH: Yes. Before Africa was colonized by the European powers, the African family was a social, political, and economic unit. Everything flowed from the family. There was a kinship, there were networks, there were tribal systems, there were rites of passage, and there was a clear role definition. This was the African family. Family was not necessarily based on blood lineage but on commitment to a goal.

MR. DALY: As I understand it, you have had 300 boys from some seventy-three gangs involved in the House of Umoja.



SISTER FATTAH: More than 500.

MR. DALY: And it has spread citywide?

SISTER FATTAH: Yes. It spread through the leadership of the gangs. At one time, there were more than 125 active gangs in Philadelphia. As the leaders came to our house, they were able to go back to the gangs and to influence others. Sometimes the gangs would have as many as 200 to 500 members in the street.

MR. DALY: So this neighborhood concept, this sense of belonging, has worked a rather substantial miracle on a very difficult problem that caused a great deal of suffering and pain to a city.

Mrs. Duncan, did the same principle apply in the issue of adoption?

MRS. DUNCAN: Our guiding principle was the recognition of the importance of the family in a child's development. That is a similarity. In a sense, the House of Umoja is a family for a different kind of child. Homes for Black Children recognized that these children could not be parented by a bureaucracy; they needed to belong to families.

MR. DALY: Mr. Shepard, I believe that you have a motto for Jeff-Vander-Lou, which is, "Working together to build a better community." You have achieved enormous things in the construction and rehabilitation of housing, and you have a communications resource center and a newspaper. Did this same spirit motivate you and your friends who cofounded with you? Has the sense of community, of neighborhood, of family been the principal thing that has sustained you?

MR. SHEPARD: Definitely. It spread. It started out during the 1960s when people were demonstrating for employment and other things. One of the problems about our neighborhood was the Pruitt-Igoe project, which you referred to earlier. Most of us sacrificed, hoping that we could stabilize our community with better housing. But we found out that the housing problem was being manipulated. The community was being blamed for advocating its destruction. We did not want to tear down Pruitt-Igoe, but we did want to let people know that it was not our fault that the housing was not coming through. The fault lay with the manipulations by local government, rather than with the people themselves.

MR. DALY: Mr. Kanahele, you applied different principles to the solution of the general problem how to give people a better chance

in life. And you did it with a rather startling approach, which was, Why do they have to work for somebody else? Why can't they work for themselves?

Where did this idea come from?

MR. KANAHELE: We were startled at the rather sophisticated level that entrepreneurship training had attained in the countries in Asia, as opposed to the United States, which was supposedly the birthplace, the great haven of entrepreneurs. We felt that for the Asians, who were so long under colonial governments, to achieve leadership in their own industrial development, they had to create their own entrepreneurs. These countries launched programs to do that. In some instances they were quite successful, and in others they were not so successful. We felt that by applying those principles to communities in Hawaii, particularly to communities in which Hawaiians dominated and which were, therefore, often economically and socially depressed, we could turn those people into their own bosses.

MR. WOODSON: As I listen to Mr. Kanahele, a pervasive thread becomes apparent. The programs that are designed by bureaucracies are usually centrally designed. They are systematized and then parachuted into neighborhoods. The assumption is that everyone will be able to respond to this grand idea someone has designed. The program ignores cultural patterns in communities, it ignores ethnicity, it ignores those features of mediating institutions that make them so viable, so alive.

One of the things that impressed me about Mr. Kanahele's program was his description of a Maori community he visited. Will you speak about that for the rest of the panel?

MR. KANAHELE: That experience occurred in New Zealand, among the Maoris, where we were asked to set up a training program. One Maori asked whether entrepreneurship would be consistent with the values of their traditional society. That question bothered me, because the Hawaiians asked the same question.

For a long time there have been stereotypes of the Maoris, and the Hawaiians, and the Samoans, that they are not disciplined, that they are too generous, that they cannot be business people. They cannot be entrepreneurs. That big lie has been told so often that a lot of us have come to believe it. One of our problems was to eliminate that stereotype. We had to go back to their traditional customs and values to find entrepreneurial values.

We were, indeed, able to find entrepreneurial values not only in Hawaiian but in Maori history. And we used those values in trying to get them to adapt to the modern values of entrepreneurship, which are quite consistent with their history.

MR. DALY: In the first three years, beginning in 1977, you interviewed about 1,000 people with the thought that you would find among them some who had the qualities of entrepreneurship. That is one of those words that reminds me of a man who won an election somewhere in Florida after having accused his opponent of having matriculated at the university.

An entrepreneur, really, is anybody who starts his or her own business, is that right?

MR. KANAHELE: Yes, that is right.

MR. DALY: You interviewed about 1,000 people and you trained 250 of them. What qualities were you looking for in the people you interviewed?

MR. KANAHELE: We were looking for a real sense of commitment to making something out of one's self. We were looking for self-reliance, for determination, for pride, for a desire to create new wealth where money is not an end in itself but a means to an end. We were looking for a lot of things that boiled down to character.

MR. DALY: What has the record been?

MR. KANAHELE: Of the several hundred that we have trained so far, almost all of whom were either unemployed or underemployed, at least 50 percent are in their own businesses, some doing very well. We have had some failures, to be sure. It is a risky business training people to get into their own business, particularly those who do not have all the necessary resources.

In New Zealand, where we work among the Maoris, 75 percent are in their own business. The proof of the pudding is that people, whether they are unemployed or underemployed, can become entrepreneurs. In fact, the unemployable may well be unemployable because they cannot work for anybody else.

MR. DALY: Mr. Shepard, you have achieved extraordinary things in St. Louis. Why did Pruitt-Igoe fail? And why did you succeed, essentially, where it failed?

MR. SHEPARD: Pruitt-Igoe failed because it was put up not by the people in the community, but by the people who thought they knew what the people needed in the communities.

Our project did not fail because people were involved from its inception and throughout its total operation.

MR. WOODSON: Perhaps it would be helpful to explain what Pruitt-Igoe was and what it symbolized to people.

MR. SHEPARD: Pruitt-Igoe was a federally funded housing project in St. Louis. Because of the way it was built, however, services were denied the people living there. Elevators stopped on every other floor, and there were no public bathrooms. It was eleven stories high, and the people on the first three floors were burning up, while the people on the other eight floors were freezing. There was no way to find out who was at the door before opening the door, because everything was built more like a prison than living quarters.

MR. WOODSON: And Pruitt-Igoe won an architectural design award.

MR. SHEPARD: It won one of the greatest awards. The structure was uniquely built. One of the builders is a good friend of mine. But he built it more like warehousing for people than housing for living. It was originally designed to be eight stories and ended up being eleven stories. That indicates that the concern was not to make people comfortable but to put more people in it.

It was managed by people who had never managed a housing project. An experienced manager did not run Pruitt-Igoe until after everything had fallen apart.

MR. WOODSON: The public perception of Pruitt-Igoe is of a monstrosity built in the middle of a low-income community, which was established to meet the needs of the people there and then seven years later was destroyed by dynamite. The common perception is that the project failed because the people living there did not appreciate decent housing, because the crime rate increased, because the public areas were constantly destroyed by the kids. This misconception persuades the public that these people just do not know how to take care of things that are done on their behalf. It is, therefore, a waste of time even to concern ourselves.

MR. SHEPARD: I would like to add to that. The people who moved into Pruitt-Igoe for the first three or four years were the proudest

people in the world. It was a place where anyone could safely be out, day or night.

But then things began to change. There were certain built-in factors that nobody could deal with. There were no facilities for recreation. They were built later. There was no grocery store. People had to cross a thoroughfare to get to the store; kids were maimed and injured crossing the street to the stores.

The people in that community requested help from the authorities. They needed a stoplight just for the children to go to school. They needed certain amenities that were not there.

It took the local government seven years to decide that the people were right. They spent \$2 million putting up screens that kids were not supposed to be able to remove, but the kids removed them two hours later. Money was not the problem; they could pour wheelbarrows of money in there. The problem was that nobody really talked to the people.

There was no community. It was an absentee operation, and that was really the problem.

That is what was happening in the 1960s. It was going to spread over into our neighborhood. We had to get together and realize that our neighborhood would be another urban renewal area unless we moved immediately. And the people moved at that point. They determined to do it, and to do it according to their plans.

We sat down and talked about compromises. We decided we wanted to save what we had in the neighborhood then. We have good housing stock in St. Louis, one of the masonry cities of the world. The homes are old, but they are structurally sound. We wanted to rebuild them and own them. We were blamed for being a burden to the city rather than actually supporting the city.

Today, Jeff-Vander-Lou is a taxpaying city area, while other areas are tax-exempt.

MR. DALY: Mrs. Duncan, you had not had any previous experience when you took on the responsibilities of Homes for Black Children, had you?

MRS. DUNCAN: I had not had any previous child welfare experience. I am a social worker. I had that experience, working in a family agency and in the juvenile courts. I also am aware that most black people know somebody who has reared a child that was not born to them.

Actually, Homes for Black Children was conceived by the United Way and administered through a traditional agency. But we always

had the freedom to develop a program that took into account the things we knew about the children, about the families, that could become a resource. So we had an opportunity actually to put into practice those things that we knew about the families and about our community.

MR. DALY: One of the first things you did was to remove much of the impersonality in the relationships between adopted parents of any kind and the adoptive process.

MRS. DUNCAN: We became enablers for families who wanted children by being aware of how to bring together the families and children and by being able to cut through the red tape.

MR. DALY: Mr. Kanahele had to choose from 1,000 applicants. He had to decide which among these men and women were capable of being entrepreneurs, of handling their own businesses.

You, Sister Fattah, had that same problem. You picked leadership elements out of the gangs to help you.

SISTER FATTAH: I did not pick them; they picked us. My husband is a former gang member himself; so he was not going into something that was strange to him. He was well respected in the streets. He had taken three months to study the differences between his generation in the gangs and the current generation. He found that technology had played a role. In his time, a problem would be settled with a fist fight, supposedly a fair fight. Technology moved them along from the fist to the knife and from the knife to the gun. Most people can get up and dust themselves off from a fist fight, but one cannot take on a bullet with karate.

There were reasons why the death rate had climbed that had nothing to do with the attitudes of the youth.

Another factor was the influence of the media. Our children were watching more television than anyone else. The white gangs were mobile; they were on motorcycles, and they were in cars. But in the black community, our kids were watching television or standing on the corner. So their role models were old gangster movies.

MR. WOODSON: In our study of mediating structures at AEI, we looked at some of the common barriers. If public policy does nothing else, it can at least stop harming people. We often think of regulation as relating to issues like airlines, oil and gas, and other such macro

issues. We seldom think about the impact of social and occupational regulations on people attempting to help themselves.

I am thinking of many of the people who have attended conferences that we have held at AEI who have been very effective in controlling and preventing youth crime. These people are, for the most part, not professionally trained. Many of the regulations on licensing to operate a home for delinquent youth require the operator to have a professional degree.

The question I would like to ask the people assembled here is, to what extent have you faced regulatory barriers or other administrative procedures that have made it difficult for you to help yourselves or to help the people that you are attempting to serve?

MR. KANAHELE: I have a classic example. We were the first in the country to set up an entrepreneurship training program under the Comprehensive Employment and Training Act (CETA) of 1973. Only after we had been in the program for a year did we realize that the legislation, while it provided for self-employment training, did not contain a definition of what that was. So when the program was over and had to be evaluated, the criterion used to ascertain whether or not a person was self-employed was the same criterion used to determine whether or not a person is employed, that is, working thirty-five hours a week, earning an hourly minimum wage. In other words, about \$453 a month was the criterion to determine whether or not a person was self-employed.

We refused to accept that. As a result, we were cut off. After that, we went to the Department of Labor and told them they had to change that definition.

MR. WOODSON: Why was that a problem?

MR. KANAHELE: It was a problem because they were going to determine our placement on the basis of employees rather than on the basis of employers or entrepreneurs. Those are two different kettles of fish.

MR. DALY: Was this corrected? Did you go back to the CETA program?

MR. KANAHELE: Yes. I just learned today that it was corrected, and it is in the handbook now. They have finally accepted the Internal Revenue Service's definition of a self-employed person.

MR. SHEPARD: I am glad you mentioned that. The Davis-Bacon Act was the act under which we started building our first projects. The act applied to home remodeling if the building did not exceed four stories in height and as long as the complex of buildings did not exceed eight in number.

We used the act in such a way that we began with eight houses in a package, and then did another eight houses in a package, so we ended up with sixteen remodeled houses. The government told us we could not do it that way, but we protested that we had followed the letter of the law.

MR. DALY: What is the Davis-Bacon Act?

MR. SHEPARD: The Davis-Bacon Act allows a person working in a training program to be paid 50 percent of the usual minimum wage for that job. If a carpenter, for example, were usually paid \$6 an hour, a trainee could be paid \$3. That would be on-the-job training. We wanted to use that program because we wanted to get the people from the community on the job.

MR. WOODSON: Are you saying that the Davis-Bacon Act, as it was established, interfered with your capacity to employ your own wage scale, to employ your own people?

MR. SHEPARD: Right. The Labor Department told us we could not use the program that way. We asked for criteria, and, believe it or not, we got one set from Washington and another set from Missouri. It has always been a game to find out who is telling the truth.

The Association of General Contractors (AGC) found out we were training people in useful skills. They began paying plain laborers \$3 an hour, claiming they were teaching them to dig a hole. Anybody can dig a hole. We pointed out that we were training people in skilled crafts for a livelihood that would enable them, down the line, to become a part of the economic structure.

MR. DALY: Let's come to a \$64 question. Has this program fed a lot of skilled young people into well-paying jobs as a result of the program they worked in?

MR. SHEPARD: Definitely. Everyone realized we were going to do it regardless of the consequences.

We needed to get into the mainstream. Contractors would not hire us because they said the union would not let them. The union said



the contractors would not let them use us. So we finally got them both in the same room. We made an agreement with the AGC and with the union. They allow in their contracts a certain amount for training programs so they can meet their quota.

MR. DALY: Sister Fattah, did you have any problems of a similar character in redoing those twenty-two houses in Philadelphia?

SISTER FATTAH: Fortunately, we have been able to hire a housing expert to lead us through the maze in renovation, but we have encountered problems with regulations.

For instance, the first evaluator who came to the house after we accepted money for what we had been doing free for years said that my husband was not necessary to the program. He did not have a desk, he did not have a job description, and, many times when the evaluator was there, he was not there. I explained that many of the youths who came to the house did not have a father, and the fact that they had one in my husband made him extremely valuable. He had no desk because his work was out in the street negotiating peace agreements.

Anyone administering a home that was begun after 1969 must have a degree in social work. Fortunately for us, we started before 1969.

MR. DALY: Mrs. Duncan, I know you had some problems, for instance, in helping your potential adoptive parents get the necessary proof of marriage and things like that. Because you changed the way of doing things, did you have problems with any of the government programs or anything of that kind?

MRS. DUNCAN: Not with government programs per se. The greatest issue of that variety is that general adoption practice includes a lot of eligibility requirements: that the parents own their own home, that they be married for a certain length of time. They have not always focused on the issue of a family's capacity to nurture a child.

Homes for Black Children placed in adoption only children who were in the care of another agency. When we negotiated with that agency for a child, the question was whether or not they would accept our family in view of their general practice of eligibility requirements.

It was not, however, an insurmountable issue for us. It was something that was there, that we were aware of, and that we had to take into account.

MR. DALY: Homes for Black Children was initiated by a church group in your area, was it not?

MRS. DUNCAN: No, it was initiated by the United Way. The idea for Homes for Black Children grew out of the United Way. We were administratively linked to an agency that is church related.

MR. DALY: And now Homes for Black Children stands alone and is powerful?

MRS. DUNCAN: It began in 1969 as a project, and it became immediately clear that it was successful. In the first year, we placed 135 children in families, and that was more black children than were placed by thirteen agencies together. In the eleven years of its existence, Homes for Black Children has placed more than 800 children ranging in age from newborn to fifteen years. It has placed as many as 15 children, sisters and brothers, together in a single family.

MR. DALY: That is remarkable.

MR. WOODSON: We have a policy framework in the area of child care, and particularly in the area of foster care, that provides perverse incentives for a social welfare system to maintain children away from their homes in the care of the state. The assumption is that we do not have enough qualified black parents who are willing to accept these children. That is why half of all of the youngsters in foster care are black or Hispanic children.

That assumption is held by many people. When I wrote an article recently about Sydney Duncan's program, I received many calls from black couples telling their horror stories. Couples with a combined income of \$60,000 a year have been discouraged at the intake interview. The first time they came to the agency, they had the feeling that they were not really wanted; so they felt bitter about adoption.

This is a current social problem for which an approach like Sydney Duncan's is applicable. There are the 600,000 to 700,000 youngsters in care and thousands of black parents wanting to adopt. What is wrong with public policy?

MR. DALY: It is not put together.

Mr. Kanahale, your program proved in that first year the merit of your premise. Did the local community respond? Were banks more lenient in the standards that they would apply to give one of your youngsters a loan?

MR. KANAHELE: The business community certainly responded, at least those to whom we talked. The banks were interested, but the old saying about the banker being willing to give someone an umbrella when it is not raining applies here, too. Bankers are almost by nature very conservative.

We have had a difficult time, but we have not asked for lower interest rates. We have felt that entrepreneurs are entrepreneurs, and they should be able to go out and do it on their own without any special privileges. We have had good cooperation from the community.

One of the important factors in the development of an entrepreneur is family background. One of the important factors in the continuing success of an entrepreneur is family solidarity. This is particularly important in a Polynesian cultural setting, where so much significance is placed on the extended family.

MR. WOODSON: We have much to learn from some of our neighbors about entrepreneurial support. Most businesses, or a large number of small businesses, receive venture capital from family members or from friends who are willing to risk that one or two thousand dollars. In Canada, people who invest in business ventures for family members can write off the investment on their income taxes if that venture fails. That is one approach to getting venture capital that should be examined in this country.

These are the kinds of tax policies that policy makers need to explore that would support mediating structures or small business development.

MR. DALY: What kind of public policies have been useful for your activities? Have any particular public policies been reasonable, sensible, and beneficial?

MR. SHEPARD: The block grant concept, based on our operation in housing, made possible off-site preparations that enhanced our program. That has been helpful.

MR. DALY: Let me turn the coin around. What changes in public policy do you feel need to be made so that your experiences are taken into account in the development of new policies?

Mrs. Duncan, will you start that?

MRS. DUNCAN: One thing that should be taken into account in providing services for children is the recognition that we do not build

the answers into the programs but that we base the answers on the needs of the children.

Foster care developed as an idea of fostering the original parental ties or fostering the development of a new family. Somehow, however, it did not work, and it became a system unto itself.

Then adoption became the answer for the children. Adoption certainly is appropriate in many instances, but there is a danger when we look at only one answer. Adoption is right for some children. Another answer is that many children who are in the system belong with their families, and there are ways to work that out.

One thing I would suggest is that programs be named for the desired outcomes rather than for the pathology of the situation. A program that is part of Homes for Black Children, for example, is called Black Family Preservation rather than "child abuse program."

There are 500,000 to 700,000 children in the system. Each child has a very complex situation that surrounds him. A solution for that child must take into account the individual needs of that child. It must recognize that a system, a large bureaucracy, is not able to parent a child. There are more appropriate ways to meet the child's needs, but foster care cannot actually serve as the parent.

SISTER FATTAH: We need a return to a kinship network in the community. In most neighborhoods in the past, if a child's mother was working, someone, such as a neighbor, simply took the child in and fed the child. The parents did not have to write a proposal to get a grant to do that. A person whose house the youth feels comfortable in is a person who can develop and has developed a trust relationship. An agency must follow where the children lead, rather than setting up credentials as to who can provide nurturing to a child.

We need to return to what has been successful before. We also need to give confidence back to the parent. When I was a child, I do not remember a mother saying she could not do anything with a child. She might give the child a few licks. It was not called child abuse, either. She never gave up and turned him over to the court system to take care of because she could no longer control the child.

MR. KANAHELE: To the extent that public policy should reflect the opinions of people, one important problem in this country is that by and large people do not understand entrepreneurs. This is quite evident in the way we teach our children. We teach our children to work for somebody else, to be job seekers. The last thing that comes to their minds when they get out of high school or even out of business college is to work for themselves.

MR. SHEPARD: You have hit the nail on the head. Young people today are not talking about looking for jobs; they are talking about creating jobs. This is where a lot of us are missing them. If the government wanted to do a Marshall Plan in urban areas, such as it did in Germany, it could. The United States set up plants, rebuilt Germany, and bought German products. We ask only for help to build up the services in our communities; we have enough money coming through to buy our own products and services. But the government does not want to do that.

MR. DALY: The key is to consult the community all along the way, is that right?

MR. SHEPARD: The community is the only one that should be consulted.

MR. WOODSON: Public policy can do something that is consistent with what we call at AEI the minimalist proposition. Sounds like a big word, but what it means simply is that the most important thing public policy can do at this point is to cease interfering with what people do. Maximally, public policy could attempt to assess the strengths that exist within these neighborhoods to determine how they can be positively applied to solving social problems. That approach requires overcoming the notion that neighborhoods peopled by individuals of low income are somehow cesspools of pathology with few redeeming qualities.

The federal government's present policy is to support ten studies that look at the pathology of the American family for every one study that looks at the strengths of the American family. We could reorient public policy to examine family capacity and to look at neighborhoods as opportunities for development rather than as areas to be rescued.

MR. DALY: In President Johnson's Great Society concept there were substantial resources put in the hands of people in the inner cities that were wasted and, in many cases, fraudulently taken. Did that all happen without reference to the one key that we have been talking about, participation of the actual community?

MR. WOODSON: Yes. There are a lot of myths about the poverty program. It did some good things, but most of the money did not go to poor people; so they did not have an opportunity to steal very much. [Laughter.] The money went to a lot of corporations that ran job training centers and other similar operations.

Another problem was that these were centrally designed government programs that were parachuted into low-income areas. They were governed by rules from Washington. As soon as an operation became effective—the Westminster Association was very effective during its early stages—Washington sent down a rule such as that all community organizers had to have bachelor's degrees right away. That, in effect, usurped the function of the indigenous institutions that have long served those communities. It ignored them as resources.

We have to get some of those traditional institutions, such as the black churches, which have long served as trustees of the black community, to reinvest themselves in serving people.

MR. SHEPARD: Since the Johnson era, a lot of people in the community have become professional. They are now demanding an end to planning and a beginning to developing.

MRS. DUNCAN: In 1980, the Congress passed the National Adoption Assistance Act. Through that, for the first time, the money that went into foster care had built-in incentives for permanent planning for children. In that instance public policy supports looking to appropriate solutions for the needs of children.

SISTER FATTAH: Crime begins in the cradle in some neighborhoods. Those children most prone to crime are the children whose parents have been exposed to the juvenile justice system and to the adult justice system. I would look to the children that go to visit the prisons and to their impressions. For instance, at Holmesburg prison, I am working to develop a play room for toddlers. I have noticed that the waiting room for wives is very institutionalized. A big sign asks mothers to control their children, but there are no toys there. They have to wait a long time, and then they are allowed to see their husbands for about fifteen minutes. The child begins to understand each time he visits his father what an institution is without having been put in an institution.

We need to look to the children so that we do not have to wait until they are fifteen to eighteen to save them. Let's try to do it a little earlier.

**M**R. DALY: We should give our audience a chance to ask some questions and to get some answers. We will move now to the question and answer session.

CARL HARDRICK, South Arsenal Neighborhood Development, Hartford, Connecticut: It has been difficult working with youth gangs because of the cutbacks in federal grants, in youth money, in the CETA programs. What will happen this summer if, given the lack of resources and the nation's economic condition, we do not have those jobs available? What solutions do you see to the problems that will occur?

MR. WOODSON: There is an underlying assumption that CETA provides the best means of dealing with that situation. In Washington, D.C., which is not atypical, last summer's program was so poorly administered that many of the youngsters worked without pay for weeks. The rules and regulations, the application process, and so forth were all so problematic that many local organizations have indicated they would not participate in CETA. They felt it was interfering with their ability to control and to influence the youngsters they have been helping for years. When these administrative barriers and regulatory interferences occur, the young people do not blame the federal government for not getting paid; they come to the local organization and want to know why they are not getting their paychecks.

We have to be a little more careful about what constitutes what people call antiriot money. That is what it really is.

MR. SHEPARD: We will not enter into a contract with CETA or with any program unless we have all the money banked in escrow. I would advise everybody else to do that. If my organization is responsible for providing work, my organization ought to be responsible for providing pay.

MR. DALY: Does any track record indicate that if certain government funds heretofore assigned to this activity are withdrawn, city and state authorities will take up the slack?

MR. WOODSON: That is one of the chief flaws of the Reagan plan. Accelerated depreciation, for instance, will not stimulate the economy through job development. David Birch, of the MIT Program on

Regional Change, indicated that 85 percent of all new jobs are produced by smaller companies, new ventures. There are about 500,000 ventures started every year, and these produce the largest number of jobs. Tax subsidies do not help these small firms, because they are trying to pay income tax. Over the first five years of their lives, they do not generate enough income to pay taxes. Through accelerated depreciation, the large corporations will realize more money that they will be hard pressed to spend for the purposes for which it is intended.

SISTER FATTAH: We are dealing with social dynamite this summer. In Philadelphia, the business community thinks that there will not be a riot because the people's expectations have not been raised. If nobody has promised them anything, then they will not be surprised when they do not get anything.

That analysis is incorrect. Usually a riot is precipitated by a sense of injustice. It has nothing to do with employment. Many times the police officer is, very succinctly, beating up an employed person.

People really need to understand that this new policy of the Reagan administration has killed off the poor. That is what has effectively happened. But people are not just going to go off and die quietly.

LEON GINZBERG, commissioner, West Virginia Department of Welfare: The federal programs of the current period developed when the local organizations collapsed under the weight of the depression in the 1930s. I wonder if any of the panelists think that our communities and the handicapped and the disadvantaged could survive without some of those programs, such as public assistance, social services to the poor, medical assistance, and so forth. The focus is on local institutions and programs. These are successes. Can we survive, however, without those federal programs?

MR. WOODSON: I would like to answer that. We have to stop generalizing about the importance of many of these social programs for poor people. Every time there is a riot, many people purporting to represent the interests of the poor call for increased expenditures on social programs, as if those increases were synonymous with helping the poor. In some cases, they make the lot of the poor worse than it was before. I have documented through my research the \$600 million spent by the Office of Juvenile Justice. This money was provided in response to the concern about the rise in youth crime, but it went to organizations that did not serve the poor.



Statistics on urban youngsters who are committing violent crimes were used to justify appropriations. But when the money was appropriated, it went to organizations. They were not mediating institutions. They did not number the poor among their constituents.

After five or six years of these huge expenditures, the problem has worsened; youth crime has got worse. The taxpaying public will look at these expenditures and ask why these people are still committing crimes when we have spent all this money on rehabilitative programs. Their conclusion will be that we must institute a program to incarcerate them.

That is an example of a project that was well intended but that is really imposing difficulties on some of the neighborhood programs. We have to determine which social programs have demonstrated their effectiveness. The litmus test of that is to ask the people in the communities, the gang leaders, the people like Sister Fattah, like Macler Shepard, whether or not those programs have been helpful to them and to the people they serve. We do not need programs that have been beneficial to the middle-class service providers. There is a distinction.

MR. SHEPARD: In the 1930s everybody was poor. It was a different setting. There was not just one segment of poor people. And there were no programs to help with the soup lines. We were at the bottom of the soup lines.

There were certain things that I remember in St. Louis in the 1930s. The soup line for black people was at the hospital. If we went early in the morning, we did not get to eat. If we went late in the evening, it was too late; we wound up with only the cheese and crackers. And yet there was no burglary or robbery at that time. People could sleep outdoors. There was no crime in the 1930s like the crime that is committed now.

JOHN MCKNIGHT, Center for Urban Affairs at Northwestern University: I want to ask the panelists what they think about the administration's projected program cuts, regardless of whether the money will actually be cut back or not. The administration is trying to pass the money in block grants or in general grants to the state and the local governments to allocate. Would you rather deal with your local government on that issue? Would you rather deal with the state government or with the federal government? What will that mean to you?

SISTER FATTAH: It will be politics as usual. It is not going to work.

MR. KANAHELE: If I had a choice, I would prefer to work with local people in government, although I agree that politics is omnipresent. Our experiences working with federal bureaucrats have not been very happy ones.

MRS. DUNCAN: I can only respond, of course, to the National Adoption Assistance Act, which I feel offers a chance for something different in planning for children who are now being parented by large bureaucracies. Through this act incentives will have to be built into the funding; it will have to be worked out individually on a state level.

MR. SHEPARD: I am concerned about two things. Public education is in serious trouble, and not just at the federal level; it is at the state level as well.

If we are talking about getting big government off our backs, I certainly would like to know what the substitute will be. [Laughter.]

MR. WOODSON: I favor devolution beyond all levels of government. A state or city government is no less bureaucratic, no more sensitive than the federal government. The local governments certainly do not have people any more competent working for them. I want to see the proof that city government is more efficient and more effective than federal government. They have some of the same forms, some of the same bureaucrats, and the same vested interests.

I favor exploring strategies that devolve resources as close to people as possible. Some of the proposals being explored by the Reagan administration, such as vouchers to individuals in neighborhoods, would stimulate the kind of competition that perhaps is needed.

It is unfortunate that every time we talk about conditions facing the poor, we talk about what the government is going to do. The history of black people shows that we did not leave Africa, come to the plantation, and then go right on welfare. That has not been the history of blacks in this country. We have had a vast array of institutions, of churches, of masonic organizations that have provided essential services at times when it was illegal for blacks to assemble, when it was illegal for blacks to read a book. But we survived, and we thrived, and we grew, and we developed. We developed a banking system, we had a social welfare system, we had a burial society. If someone was burned out, clothes would be provided. We provided for ourselves when we had less money than we have today.

Discussion about what will happen to us when the government pulls out are unfortunate. We ought to be spending some of that

time talking about getting institutions to reinvest in their own communities.

ROBERT BROWN, Center for Community Change: I address my question to the panel at large, but specifically to Sister Fattah and Mrs. Duncan.

The social service regulators and people who make license requirements contend that they do so to protect the interests of the consumer of those services. Other people say that they are doing so to protect the interests of the professional, so that the number of practitioners or providers is somewhat limited. Are the rules and regulations, the license requirements, in fact necessary to protect the interests of the consumer as opposed to the interests of the professional provider?

SISTER FATTAH: Tomorrow a person from License and Inspection is coming out to the House of Umoja to measure our yard to see whether there is enough space there for some youth to live in the house next to the yard. That is ridiculous.

It makes sense to evaluate the standards of a home, to determine whether the home is clean, whether the food prepared there is nutritious, whether the people who are supervising the children are concerned, give affectionate supervision, and are not abusing children. That makes sense. But the rest of it—such as how many beds can be in a room—does not make sense. We need to cut out the foolishness and deal with the reality.

MRS. DUNCAN: Whether or not these regulations are effective is determined by the way they are carried out, whether they are carried out according to the spirit of the law. If, in administering the child protection laws, protection of the child becomes the frame of reference for evaluating or for determining, that is quite different from carrying out the letter of the law.

In large urban areas we know that things happen to children. I do not think we can simply turn our backs and not recognize that a community has a responsibility to know what is happening.

MR. WOODSON: I have to disagree mildly. Once specific standards are in place, it does not matter how sensitively they are administered. If a rule says that a day-care center must have a specific amount of lighting, small toilets, a certain amount of yard space per child, and other absolute standards, there is nothing that can be administered sensitively.

There should be a balance between what really constitutes rules and regulations that truly protect life and the improvement of the quality of life and rules that protect special interests. Those are very important questions in determining the protection versus the benefit of regulations. There are certain risks that we must be willing to take. Some children will be burned up in houses if certain rules are relaxed. That sounds hard, but we can never pass a rule or regulation that eliminates all risks. We need to recognize that and proceed.

MR. SHEPARD: Some of the risks should be minimized. There have been some extremes to this. I can speak about day care because of the day-care center that we operate.

Day-care centers are supposed to have a certain number of square feet of outside play area, and a certain amount of inside floor space for each child. I like the idea of the safety that ensures. There should be ways of moving and getting out in case of anything going wrong. I favor those kinds of standards. But when the regulations extend to the number of hours of daylight, to the type of light with daylight, and to the building, then the law is becoming a schoolmaster. The law should not become a schoolmaster to anybody.

RAY PARROTT, director of a presidential national advisory council on vocational education: I wonder if we could make some distinctions in this particular forum between macro-federal policy and its application to individual programs.

MR. KANAHELE: From my experience, federal law, if it is applied and interpreted consistently and with some understanding of its relevance to local situations, is fine. We have found, however, that much of the federal law is applied and interpreted inconsistently from region to region. There seem to be differences in the way officials interpret regulations, so that when they are applied, they are applied unfairly.

MR. WOODSON: There is a fundamental problem that exists between the macro and the micro. People who administer macro policies rely on standardization to administer them. It is easier, for instance, to fund something that is large. Entrepreneurial activity is small. These neighborhood groups we have been talking about are small. They are all over the country; there are thousands of them. If the federal government wanted to establish a policy to provide some support, it would be easier to fund five Westinghouse research corporations than to fund a hundred House of Umojas around the country.

For reasons of accountability, then, federal policy is driven by this reality. As a consequence, it is in many cases antithetical to the microrealities of urban life in America.

That is why I have returned to the notion that somehow power, authority, responsibility, and resources must devolve beyond government to the people in some fashion that does not intrude on their lives but gives them more freedom to make choices about that authority and how those resources are to be used.

MR. DALY: Does that respond to your question, or to the issue that you wished to have discussed?

MR. PARROTT: Yes. The specific question that you raised, Mr. Daly, about what is wrong with federal policy did not really deal with the response of federal policy per se but with an interpretation of federal policy by administrators.

I understand that is a problem. Congress continually insists that it passes the law, very simple, very clear. Congress turns it over to an executive department, which turns it over to another executive department, where it is misinterpreted.

I just want to make sure that the environment still exists for public debate on that.

MR. DALY: At the risk of being run out of Washington, let me say that the Congress has increasingly, in recent years, passed legislation that is susceptible to all kinds of interpretation because it is so ambiguous. Then we all start fighting with one another about what was said on Capitol Hill.

This concludes another public policy forum presented by the American Enterprise Institute for Public Policy Research. On behalf of AEI, our hearty thanks to our expert panelists, Sister Falaka Fattah, Mr. George Kanahale, Mr. Robert Woodson, Mrs. Sydney Duncan, and Mr. Macler Shepard. Our thanks also to our guests and experts in the audience for their participation.

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- George Kanahele, chairman of the board, Hawaii Entrepreneurship Training and Development Institute
- Macler Shepard, president, Jeff-Vander-Lou, Inc., St. Louis
- Robert Woodson, director, AEI Neighborhood Revitalization Project

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