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Ms. Leah Fuchs

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Dear Ms. Fuchs:

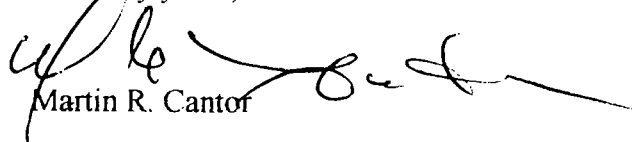
The purpose of this letter is to talk about poverty in America and Affirmative Action. The reality is that the Supreme Court delivered a mortal blow to Affirmative Action by refusing to comment on California's two year old Proposition 209, the first in the nation ban on racial and gender preferences. If the Congress had the courage, Affirmative Action would have been debated during the Spring 1998 session, resulting in a law that accurately reflects the ethnic, cultural and poverty diversity of contemporary America.

In that light, I thought that you might be interested in the enclosed paper that I presented at the Joblessness and Urban Poverty Research Program Seminar at the John F. Kennedy School of Government at Harvard University. The seminar was moderated by Dr. William Julius Wilson, who called the presentation a "very thoughtful policy analysis". Recently, General Colin L. Powell wrote me that "the policy positions you propose have merit with or without Affirmative Action efforts."

The paper, recently discussed at the Long Island based Hofstra University symposium on Affirmative Action, presents a policy analysis of *Race Neutral Sustainable Economic Development* and is what I believe should be an integral part of any legislation that replaces Affirmative Action. The policy of jobs, skills and employment training provides for career path employment paying a living wage, is race neutral and geared to those at the bottom of the economic ladder. The initiative focuses on communities, not individuals and is based upon economic eligibility criteria, not race.

I have a continuing interest in pursuing this avenue of research and economic development and would be pleased to discuss any questions that you might have.

Sincerely yours,


Martin R. Cantor

RACE NEUTRAL SUSTAINABLE ECONOMIC DEVELOPMENT

BY

MARTIN R. CANTOR, CPA, SENIOR FELLOW
The Institute For SocioEconomic Studies

Presented To

The Joblessness and Urban Poverty Research Program Seminars
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The Department of Afro-American Studies
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INTRODUCTION

There are few public policies that draw more immediate political and personal reaction than affirmative action. The issue centers on whether affirmative action, originally created to level the playing field for achieving the American Dream for those discriminated against because of race and gender, has fulfilled its promise. The debate is whether American society should guarantee to every citizen the opportunity to work hard and achieve the American Dream rather than having society guarantee that American Dream using race and gender as eligibility criteria. There are those who argue that any incentives provided to those who need assistance in improving their economic status be universally available and broadly applied in a race-neutral manner. If these thoughts gain momentum, then attention turns to identify the most effective way for the government and the private sector to invest their limited resources on helping those wishing to escape poverty. Recent research has raised the question whether race based criteria has not been as effective as originally planned in alleviating social and economic inequities. Consideration, therefore should be given to a policy that effectively identifies and targets those that would be eligible for assistance. The imperative must be that any public funds invested in implementing a policy that seeks to address economic and social inequities, must achieve the ultimate goal of creating jobs that can sustain a household unit and bring economic activity back to a community. A re-energized local workforce, importing wages that will be available for spending in the stores in the impoverished community will encourage a new generation of local entrepreneurs. The combination of local entrepreneurship and new wages will breathe new economic life into the community. Encouragement of this policy, which would be based solely on economic criteria, can be termed race-neutral sustainable economic development.

A clear illustration of the challenge confronting America is found in two unrelated circumstances. The first is the research of the Chicago inner city and the unemployed black male conducted by William Julius Wilson. In his book *When Work Disappears*, he argues that the despondency and erosion of the family unit occurred when jobs and companies left Chicago for the suburbs creating an economic vacuum that has yet to be filled. The second example is a recent news account of five boys in south Boston, all under the age of 19 (and two only 15 years of age), who committed suicide because they saw no hope for their future. Their fears were realized when the jobs in south Boston that their fathers had once filled, and that they viewed as their legacy, had left south Boston for the suburbs. Devoid of hope, they saw death as a way out. The similarity is that their

plight is as desperate as those men in Chicago. The difference is that the south Boston youths were white. The conditions of these young people could be in any urban or suburban inner city in the United States where significant entry level and career path blue collar manufacturing job losses have occurred. These jobs have not disappeared, they have just relocated to other parts of the country or to separate and insulated industrial parks which are usually difficult to reach by mass transportation. Any policy designed to address the impoverished and economically isolated ought to be race-neutral, based not on race but on economic circumstances. The initiative should also be broad based to afford eligibility to as many individuals as possible, rather than be focused on a limited segment of the population selected primarily by race. The United States Supreme Court is poised to address this very issue during the upcoming session. The new qualification criteria should be based on an index of community poverty economic indicators, such as, but not limited to: unemployment rate, household and family median income, percent of the community on public assistance and median home values. The indicators would be ranked and help to define an economically distressed area as compared to the immediate surrounding communities. Wilson is right when he argues that "there is nothing wrong with programs or initiatives that would strongly and positively impact racial minority populations and would also benefit large segments of the dominant white populations as well".

The new initiative must recognize that jobs and industry must be encouraged to return to the inner cities and suburban downtown areas that have a predominantly poor population. The statutory deadlines imposing work requirements for welfare recipients, forcing them back into the job market, presents an immediacy for job creation. The problem is that not every community has the labor pool necessary to support every type of business. Potential workers may have educational and job skill limitations that may render them unqualified to hold jobs in certain industries. The imperative is not to bring any industry to an impoverished neighborhood, but to identify and create jobs that those in the community can fill. This can be accomplished, as discussed in the ensuing narrative, by a goals and objective oriented partnership between the schools, regional centers for higher education, the community, government and local business and industry associations. The strategy must also recognize that businesses seek profits and financial gain, and that any business recruited for relocation or expansion in a targeted community must benefit from the synergy with that particular community. The final element is that the jobs created must provide sustainable wages from which one can pay his or her living expenses, as well as day care and transportation costs. The achieving of a living wage must be considered an important objective given the fact that since 1980, American wages have lagged behind the growth in the gross domestic product. If expectations are realistic and the investment adequate, then all Americans will have the chance to share in the American Dream.

NATIONAL ECONOMIC AND DEMOGRAPHIC STRUCTURAL CHANGES

Decade after decade, economic development professionals have grappled with job creation strategies that recognize changing demographics and economic sector evolutions. The current debate centers on whether the Great Society programs enacted under the Presidency of Lyndon Johnson have produced cost effective results for the investment of

taxpayer dollars. It is with this perspective that 1970 is being used as the base statistical year to illustrate the changes in the domestic economy and the job market.

EMPLOYMENT BY INDUSTRY

	<u>1970</u>		<u>1995</u>		<u>Growth</u>	
	<u>Jobs</u>	<u>Percent</u>	<u>Jobs</u>	<u>Percent</u>	<u>Jobs</u>	<u>Percent</u>
<u>Economic Sector</u>						
Agriculture	3,463	4.4	3,440	2.7	(23)	(.7)
Mining	516	.6	627	.5	111	21.5
Construction	4,818	6.1	7,668	6.1	2,850	59.2
Manufacturing	20,746	26.4	20,493	16.4	(253)	(1.2)
Transport/Comm.	5,320	6.8	8,709	7.0	3,389	63.7
Wholesale/Retail	15,008	19.1	26,071	20.9	11,063	73.7
Finance/Insurance/ Real Estate	3,945	5.0	7,983	6.4	4,038	102.4
Service	20,386	25.9	43,952	35.2	23,566	115.6
Public Admin	<u>4,476</u>	<u>5.7</u>	<u>5,957</u>	<u>4.8</u>	<u>1,481</u>	<u>33.1</u>
Total	<u>78,678</u>	<u>100.0</u>	<u>124,900</u>	<u>100.0</u>	<u>46,222</u>	<u>58.7</u>

Source: Statistical Abstract of the United States, 1996 - Table 641. Employment, by Industry: 1970 to 1994 (jobs are expressed in thousands)

It is clear that the United States economy has become one that is dependent on personal services and consumerism which has created jobs that usually will pay lower wages. The jobs that are being created, primarily in the wholesale/retail and service sectors tend to be the second job that enable family members to fill family budget needs. What the above analysis also illustrates is that the manufacturing sector, the traditional foundation of the American economy, has dropped to third place among job sectors while basically retaining the same level of jobs since 1970. The significance to this is that manufacturing jobs are usually the higher paying jobs which generate a greater economic multiplier that ripples through an economy creating support jobs that are usually reflected in the other sectors. This prominence of the manufacturing sector has been replaced by the lower paying service (excepting the information technology jobs) and wholesale/retail sectors whose economic multiplier value is lower. This often has a lower secondary job creating impact on the national and regional economies. The relative diminution of the manufacturing sector, and the strengthening of the wholesale/retail and service sectors, may well be the reason that while the 1995 United States gross domestic product has

increased by 160 percent to over \$7 trillion since 1980, gross wages paid to the American labor force, over the same period, has lagged behind at a 148 percent growth rate. When the 227 percent increase in social security taxes are netted against wages, the fifteen year growth in wages is reduced to 137 percent. This suggests that the American worker is working harder just to stay in place. The family budget continues to be squeezed as personal debt increases while the savings of the average American has decreased by approximately forty percent since 1980; from slightly over 5 percent of the gross national product to a little more than 3 percent in 1995 and from 10 percent of the 1980 level of gross wages and self-employment income to 6 percent in 1995. The economic development issue to address is whether these trends can be reversed and whether or not the lost higher paying jobs can be replaced with equivalent sustainable jobs..

NATIONAL DEMOGRAPHIC CONSIDERATIONS

Racial Components of the Resident Population

Since 1970, America has grown. The resident population of the United States has increased by nearly 29 percent from 203.984 million people in 1970, to 262.755 million in 1995. Since 1970, the white population while increasing by 22.4 percent or 39.987 million people to 218.085 million, has actually dropped to 83 percent of the total 1995 population. The black population increased by 10.560 million people or 46.8 percent to over 33 million, while the blacks in America grew from 11.1 percent of the residential population in 1970 to 12.6 percent in 1995. Americans of Hispanic descent reported an 84.8 percent increase from 1980 of 12.385 million people, representing over 10 percent of the 1995 residential population. The fastest growing population group was those categorized as "other", which consists of American Indians, Eskimos, Asians and Pacific Islanders. This population segment grew by over 8.2 million or 248.8 percent since 1970, when they represented 1.3 percent or 3.3 million people. By 1995, the "other" category grew to 11.529 million people or 4.4 percent of the residential population. It is very clear that the U.S. population has grown more diverse in the last 25 year and as such the programs that were enacted in 1970 to react to social and economic inequities are in serious need of review. The culture of the United States has evolved as well as the job markets and racial composition. These elements of the changing face of America warrants policy initiatives that reflect this new diversity and complexity.

Poverty Segments of the Residential Population

The essence of race neutral solutions to poverty is where the assistance, if any, should be focused and on what basis. A policy based on race or ethnicity, directed toward social imperatives, ignores a large segment of Americans living in poverty. Policy initiatives based on fairness to all classes, and with a firm foundation set in standard economic eligibility criteria, will be more inclusive. A broad based solution to poverty would benefit everyone, and would begin to restore economic activity to the downtowns and inner cities

in need of economic revitalization. As such, an understanding of the racial composition of poverty in America is critical.

What follows are two demographic analyses that, in and of themselves, highlight where financial resources should be focused. When these two seemingly contradictory illustrations of poverty in America are viewed together, it becomes clear that the time seems appropriate for the policy makers to adopt development of a race neutral strategy for sustainable economic development which effectively deals with poverty in America.

Racial Composition of the American Poverty Class

The poverty class, inclusive of all races, increased by 12.639 million people or 49.7 percent, from the 1970 level of 25.420 million to 38.059 million people in 1994. In absolute numbers, white Americans were the fastest growing impoverished group, increasing by 7.895 million people or 45.2 percent; followed by black Americans, whose ranks of those in poverty grew by 2.648 million or 35.1 percent. Eskimos, Asians, Pacific Islanders and American Indians comprised a group whose poverty levels rose by 2.096 million or 540.2 percent. Those of Hispanic descent grew by approximately 5.516 million or 190.3 percent. When these demographics are reviewed in the perspective of the 1994 racial composition of American poverty, the plight of the poor white family becomes clearer. Whites, representing 66.7 percent of the poor, are the largest poverty component with 25.379 million people. They are followed by the 10.196 million blacks who comprise 26.8 percent of the poor population. Included in both groups are 22.1 million of the American population who are classified as Hispanic. A case can be made that poor white Americans grew faster, and in greater numbers than, other categories.

Racial Poverty Class As Related to Respective Race Total in Residential Population

The perspective of those in poverty changes, when each racial poverty class is examined in relation to that racial class position within the total resident population. Under this scenario, an argument can be made that blacks in poverty are in greater need. In 1970, the 7.548 million poor blacks represented 33.5 percent of all black Americans. While their numbers increased to 10.196 million in poverty by 1994, the relationship to total black Americans declined to 31.2 percent. The white impoverished represented 9.9 percent of the 1970 white population, increasing to 11.7 percent in 1994. An argument can be advanced that the plight of the poor black American is still troublesome, given the level of the poor black in relation to its total residential population ranking. Those of Hispanic origin saw their impoverished ranks increase to 32.2 percent of the 1994 American Hispanic population.

When these two analyses are taken together, a case can be made that there has been growth in the poor white population which needs attention. The argument should also include that while there has been growth in blacks in poverty, there has been a slowing in that growth. The other factor that appears to be overlooked in most poverty discussions

are those Americans that are loosely categorized as “other”. These are the Asians, Eskimos, Pacific Islanders and American Indians who have also experienced a high growth level of poverty. While only 2.484 million of this population segment were considered to be in poverty in 1994, these individuals represented 22.2 percent of the entire “other” demographic group. This is almost twice the 1970 level, when the poverty of those classified as “other” represented 11.7 percent of the total “other” population .

A consensus agreement towards race neutral policies to address poverty in America would bring all poverty groups together. It has become obvious that the selection of certain races for assistance has encouraged division within and between the races.

NATIONAL WORKFORCE COMPOSITION

Part-Time Workers and Second Job Holders

There were more Americans working in 1995 than in 1970. In 1995, nearly 47.5 percent of the population was employed, a significant increase over 1970 when approximately 38.8 percent of the population was working. The observation is that the sector where many of these jobs were created was in the lower paying service sector (35.2 percent of American jobs and the largest category) which reported a 115.6 percent increase or 23.6 million jobs to nearly 44 million in 1995. The second largest job category was the wholesale/retail sector (20.9 percent of the jobs) which grew by 73.7 percent to the 1995 level of nearly 26.1 million jobs. The increase in wholesale/retail and service jobs, many of which are part-time and second jobs, was reflected in the 110.5 percent increase of 20.135 million part-time and secondary jobs since 1970. The 1995 aggregate of part-time jobs and second jobs (defined as persons working 1 to 34 hours per week) was 30.7 percent of the 1995 employment which was a dramatic increase from the 1970 level where the 18.222 million part-time jobs was only 23.2 percent of those employed. The fact is that part-time and second jobs allow more of us to work, at more jobs, than ever before. The changing job market also provides businesses with the option of offering jobs that are part-time in nature and which do not provide health or fringe benefits. This has become a part of employment force expansion strategies.

The Racial Composition of the American Workforce

The racial composition of the American workforce has changed since 1970 where 89 percent were white and 11 percent comprised of blacks and others. The 1995 workforce was 85.3 percent white, 10.6 percent black, 4.1 percent others and those of Hispanic origin increasing to 8.9 percent of the workforce. When the percent of each race component of the workforce is expressed as a proportion of that respective race sector of the resident population, a clearer picture emerges. In 1970, 39.4 of white Americans in the residential population and 37.4 percent of black Americans had jobs. In 1995, there was some improvement in the composition of the races in the American workforce. The white

workers had improved to where nearly 49 percent of the white residential population was working with 40.1 percent of blacks and 44.5 included in the "other" category participating in the workforce. Forty-one percent of those of Hispanic origin were working as well. A conclusion can be drawn from these statistics that while the differences of race seem to be separating Americans, the problems of poverty and employment are drawing the races closer together.

A LOCAL PERSPECTIVE: A VIEW FROM AN AMERICAN SUBURB

LONG ISLAND, NEW YORK: A REGION OF ECONOMIC CONTRADICTIONS

A review of the Long Island region, encompassing Nassau and Suffolk counties, presents a picture of economic contradictions. Considered by many to be a wealthy region, and consistently ranked among the top ten nationally in numerous family spending and wealth categories, Long Island still contains many impoverished communities.

The following illustration sheds some light on how poverty programs based on race can exclude many poor white communities that otherwise would be eligible for economic revitalization assistance if economic eligibility criteria were used. Using information from the 1990 U.S. Census, two rankings were generated to show where a race-based definition of poverty would provide different results from poverty ranked by economic criteria. An index was developed that aggregated the rankings of census tracts as to: (1) the percent of persons below poverty level; (2) the percent unemployed; (3) median household income; (4) median family income (5) percent of the community receiving public assistance income and (6) median home value. The individual rankings were summarized to determine the overall poverty ranking. The table that follows shows that of the sample 39 communities ranked by economic criteria, 18 communities representing over 46 percent of the sample were predominantly white communities, and would have been ineligible for community economic assistance had eligibility criteria been based upon race. Furthermore, 14 communities or 36 percent of the sample would have been relegated to a lower ranking of need had race been the only criteria used to designate the communities eligible for assistance. The Long Island Regional Planning Board and the Suffolk County Planning Department, the source of this information, defines minority as including Blacks, Asians, Pacific Islanders, Eskimos, American Indians and Hispanic Americans. Since Hispanics Americans can be either black or white, the total percentage of the races may exceed 100 percent.

POVERTY DEFINITION RANKINGS OF THE LONG ISLAND COMMUNITY

Economic Criteria Ranking

Ranking By Racial Criteria

<u>Ranking</u>	<u>Community</u>	<u>Ranking</u>	<u>% Minority</u>	<u>% White</u>
1	North Bellport	12	68.6	42
2	Gordon Heights	8	79.1	23
3	North Amityville	1	98.2	5
4	Brentwood	6	90.7	51
5	Wyandanch (part)	2	98.1	4
6	Wyandanch (part)	3	96.2	11
7	Mastic Beach/Fire Island	140	8.08	96
8	Central Islip	18	52.6	65
9	Riverhead	43	30.4	72
10	Mastic Beach	148	7.7	97
11	North Amityville (part)	9	72.9	30
12	Hempstead Village	7	92.4	13
13	Roosevelt (part)	6	93.4	12
14	Central Islip	16	61.2	57
15	Roosevelt (part)	3	97.3	6
16	Hempstead (part)	5	94.8	6
17	Mastic/Poospatuk Indian Res.	78	13.7	92
18	Bayshore	37	35.1	73
19	North Amityville (part)	5	95.3	6
20	Brentwood (part)	10	71.0	66
21	Shirley (part)	91	12.3	94
22	North Bayshore	13	67.6	54
23	New Cassel	2	97.3	15
24	Huntington Station	45	28.9	83
25	Mastic	81	13.2	94
26	Shirley (part)	95	12.0	95
27	Inwood	25	55.5	56
28	Patchogue	60	20.1	80
29	Central Islip (part)	34	37.4	85
30	Shirley (part)	165	7.1	93
31	Brentwood (part)	30	39.7	86
32	Greenport	61	20.0	80
33	Brentwood (part)	17	53.4	86
34	Shirley (part)	104	10.7	89
35	Roosevelt (part)	1	97.5	6
36	East Moriches	51	25.7	74
37	North Bayshore (part)	20	48.8	85
38	Selden	153	7.49	97
39	Freeport	11	81.6	44

RACE NEUTRAL SUSTAINABLE ECONOMIC DEVELOPMENT POLICY

SUSTAINABLE ECONOMIC DEVELOPMENT

The President's Council on Sustainable Development defines sustainable as "a growing economy that provides equitable opportunities for satisfying livelihoods and a safe, healthy, high quality of life for current and future generations." The Council concludes, that "manufacturing will continue to be a critical part of the U. S. economy into the foreseeable future". The focus on manufacturing is critical since the jobs created or lost in this sector have the greatest impact on economies, whether they be at the national, state or local levels. The Long Island region weathered the recessions of the 1980s primarily due to the strength of its aerospace and defense industries. When the region lost Republic Fairchild followed by Grumman, the manufacturing sector lost nearly 66,000 jobs. This significant job loss in such a critical sector prevented Long Island from weathering the recession of the early 1990s. The result was that Long Island took longer than most regions of the country to recover from the recession. The consequence was many vacant factory buildings, dislocated workers and a restructuring of the Long Island job base. Manufacturing jobs, which once comprised 15.4 percent of the Long Island job base, have decreased from a 1987 level of 176,300 jobs to the 1997 level of 109,800 jobs or 10 percent of the job base. The new job base is primarily service and wholesale/retail jobs, with the significant job loss in the manufacturing sector being replaced by these lower paying jobs. Since 1987, over 77,000 service sector jobs have been added to the Long Island economy, with the service sector now representing over 33 percent of the job base, a large increase from the 25 percent in 1987. Unlike the national "Employment by Industry" illustration, Long Island has not been able to recover its lost manufacturing jobs. The solid economic foundation that once insulated Long Island's economy from recession, has now been replaced by a consumer driven economy that is very vulnerable to any new recession.

The President's Council suggests that resources "aspire to produce, use, and export globally competitive goods and services that use resources efficiently and result in fewer adverse effects on natural systems and human health." The uniqueness of sustainability is its adaptability. The export of goods and services, while importing dollars and economic activity, is just as relevant to regions and communities as it is for the nation.

REBUILDING COMMUNITIES AND FRAGILE CONSUMER CONFIDENCE

We have the means currently available to develop low cost housing, more jobs and safer streets in the downtowns and communities that have been abandoned due to the economic restructuring. Many of America's downtowns have vacant stores resulting from the diverted flow of retail traffic to the regional malls, and abandoned industrial buildings left vacant by manufacturing companies who have relocated their operations to other locales. The challenge is to recycle these available structures to bring back jobs and economic activity to these once vibrant downtowns. Critical to local economic revitalization is the importing of compatible economic activity that will begin the growth

spiral of economic recovery in the targeted communities. The vacant downtown industrial and retail properties are a good place to begin.

The imperative of any economic development strategy is that all economic stimuli effecting a targeted area or project must be identified and dealt with. The Federal Reserve is doing its part by keeping interest rates low which helps the economy by keeping home mortgages affordable. The potential problem with low interest rates is that this also encourages banks to issue credit cards to those who may not need them. Recently, a Long Island bank who issued credit cards in conjunction with BJ Wholesale Warehouse, a big box store selling retail goods at bulk prices, rescinded credit cards to those individuals who paid their bills on time and incurred no finance charges. Banks prefer credit card users to be delinquent in order to collect finance charges. This behavior has resulted in increasing levels of credit card debt and payment defaults. This should be cause for concern since the higher credit card debt is what is supporting the wholesale/retail sector, one of the more precarious foundations of the new economic order. Recent comments by Federal Board Chairman Alan Greenspan should alert all to the fragility of a job sector whose growth may be attributable to credit card and consumer debt. Chairman Greenspan recently testified to Congress that he was concerned about the low unemployment which could drive up wages without a corresponding increase in productivity. Mr. Greenspan was also concerned about the increase in the producer price index which rose by 1/2 of 1 percent; a 6.2 percent annualized rate. The result is that there is a growing probability that the Federal Reserve might raise interest rates to prevent any outbreak of inflation. An increase in interest rates could begin to have a dampening effect on consumer purchasing power and result in the slow growth of employment in, and possibly a reduction of, the wholesale/retail labor force. Yet it is this very job creation that has been stabilizing household budgets and is contributing to the initial success of the welfare to work reform.

The emphasis on job security should not be underestimated. When people fear losing their jobs, especially during spurts of corporate downsizing, retail spending is usually curtailed. There may be some economic repercussions from the recently announced planned workforce reductions at AT&T, Smith Barney, the expected 2,000 job loss at Westinghouse and the possible job losses resulting from the proposed World Com.-MCI merger. It's human nature that when an employee hears about others being released from their jobs, then he or she begins to reassess his or her own situation. Consumer confidence begins with working and the reality of keeping that job.

COMMUNITY REVITALIZATION: THE MANUFACTURING MACHINE

Business Development Zones

There are impoverished communities existing in every one of Long Island's thirteen towns and two cities. Since Long Island is not unique, and the research of others has concluded likewise, similar situations are likely to be encountered throughout the United States. Affordable entry level housing for the next generation of Americans must be part of any plan and should compliment the creation of local business development zones. The

plan should include infrastructure construction such as sewers and road improvements, with local labor being employed, thus creating jobs for community residents. Job training programs should be established for those who need it, so when the projects are completed, the skills remain. This will allow those who live in the areas designated for enhancement to be able to afford to buy the new housing that will be built. Living and working in a community begins to address the transportation issues for areas where the lack of mass transportation impedes local job growth. The other issue of importance is the creation of local jobs while not causing an increase in local taxes. The key is to expand the economic and job base, and increase the tax revenues while keeping the tax rate constant, or possibly reducing it. Expanding the economy, creating jobs and providing tax cuts is the ultimate economic development goal.

The elements of any suburban or downtown revitalization program are:

- (a) The creation of affordable, quality housing with a phase-in of property taxes to make it easier for residents to purchase new homes in their neighborhoods.
- (b) The creation of jobs which allow the residents to be able to work and afford the new housing.
- (c) A police presence to provide stability in the enhanced neighborhood and business district.
- (d) Community involvement in the enhancement decisions.
- (e) Partnerships formed with industrial and business associations within proximity of the neighborhoods.
- (g) Government participation.
- (h) Alliances with regional high schools and higher learning academic institutions.

Many of these efforts can be accomplished using existing economic development mechanisms. Success is dependent upon achieving a critical mass that includes the collective will and participation of the community and the active cooperation with government and the business community. The non-participation of any of these three critical partners will weaken the effort and usually relegate the project to failure.

Affordable Housing

The housing initiative should be undertaken at the local level while taking advantage of the available state and federal housing programs. In New York State, for example, the New York State constitution grants housing authority powers to the towns. This is relevant since the towns also exercise control over zoning and property tax assessments. Zoning and tax assessments are two elements crucial to housing costs. If a developer is granted density allowances, he can then build more homes on a piece of property than was allowed under the original zoning. This will increase his yield per acre and either preserve or increase his profit on each acre. The terms of this density allowance usually binds the developer to reducing the selling price of the house to an affordable level. Town boards, working in conjunction with a community advisory board, could rezone the areas under consideration in order to accomplish the community's desire as to what shape the housing

should take. The configuration would include the extent of density allowances granted, the amount of open space desired and the traffic patterns of the community. The town board would then pass the enabling legislation to provide tax abatements and amendments to the zoning code to allow for the open space and zoning allowances. State mortgage programs such as SONYMA (State of New York Mortgage Agency) would be made available, as well as federal low cost mortgage programs to first time home buyers. These financing vehicles usually reduce the cost of borrowing, in addition to reducing the required downpayment for home purchasing to as low as 2 to 3 percent of the price of the home. The towns, exercising their housing authority powers, could authorize low-interest bonds to finance any housing development which would further reduce the cost of each home. On Long Island, not-for-profit housing groups have successfully used these mortgage programs to provide housing for eligible participants. In addition, towns have provided tax abatements in certain certified urban renewal areas and contracted with builders to build housing at a fixed profit per home capping the construction costs for each home. This has resulted in a fixed and affordable selling price

Employment Training

Employment is a critical element. If original residents of an area are temporarily displaced so as to accommodate the new construction, a provision must then be made to give those original residents the opportunity, not only to be able to move back, but to obtain jobs which will enable them to purchase the new homes. Through partnerships with local industrial associations, the community advisory board would assess, with the assistance and guidance of state and local labor and economic development agencies, what type of skills and industries would be desired in the project area. The evaluation would also include identifying the type of skills and related training that would be necessary to provide competent labor from the local labor pool. School and business partnerships could then be formed to train the potential labor pool. Linkages with high schools would be established and school to work programs established. These partnerships, when combined with skills training programs available in many colleges and universities, would provide a well educated labor force with skills required by the contemplated workplace. The labor pool would be drawn from high school graduates who are not college bound, adults with skills irrelevant for the targeted jobs and high school dropouts without any marketable skills. Employing these potential workers will bring income and economic activity back into the impoverished family households.

Financing Job Creation

Bringing jobs back to downtown or impoverished communities could be assisted by utilizing existing programs. Businesses considering a targeted neighborhood or downtown, for relocation or expansion, could be assisted with reducing their capital costs. Quasi-governmental bonding and lower cost financing could be provided through local industrial development agencies and local development corporations who regularly issue industrial revenue bonds and small business loans respectively. These types of financing often carry a lower than market interest rate. Usually accompanying the issuance of industrial revenue bonds are property and sales tax abatements and exemptions. The

property tax abatements can go as high as 100 percent over ten years. The issuance of these abatements are a policy decision left to the chief elected official of the municipality empowering the industrial development agency. Low cost funding and tax incentives are usually provided to encourage new business and related job growth in a designated community. Most states provide assistance with construction financing through job development bonds that compliment loans available from the Small Business Administration and revolving loan funds provided by banks under requirements for the Community Reinvestment Act, whose requirements are inherent in the granting of their respective bank charters. In New York State, as well as other states, there are not-for-profit consortiums of commercial lenders that offer competitive loans to areas of normally high risk. Spreading the financial risk among many lenders provides the private capital necessary for business formation and expansion. The implementation of these programs, usually accompanied by an adopted urban renewal plan, provides opportunities for zoning accommodations and enables the community to obtain assistance available from the Department of Housing and Urban Development. This combination has brought economic revitalization to many neighborhoods.

Skills and Entrepreneurial Training

Job training and entrepreneurial support would be provided through the state and local labor departments which would support private sector school to business partnerships. Small business development centers, a federal program usually available in local universities, would provide business training and guidance to emerging business owners. The outreach by these training groups would be specifically geared to each community as to the skills required and the goals and objectives of the training. A Long Island initiative called the Long Island Neighborhood Initiative is involved in providing such specific outreach. The projects, which will be discussed in detail, focus on creating or refurbishing centers that would provide job, skill and employment centers for the communities that they serve. The programs will also extend the academic day for children who do not have adult supervision after the school day ends. Emphasis will be on employment and skills training and education. The potential workforce will be introduced to what is expected by an employer in the workplace. The businesses surrounding the neighborhoods where the centers will be located will participate in the planning of the employment and job training curriculum. It is important to coordinate the training with the available jobs. Training a community workforce for jobs that don't exist won't accomplish the desired results of local economic resurgence.

Utility Cost Reduction

Low cost power could be provided by legislative authorization of economic development power. This power was an important element in the redevelopment of a section of Brooklyn, New York into an industrial park now called Metro-Tech. This has become a lower rental-cost alternative for Wall Street financial backroom operations. Chase Bank transferred approximately 5,000 jobs there in the late 1980's. Long Island economic development officials have used approximately 60 megawatts of this designated

economic development power to retain important manufacturing and high tech companies which employ thousands of Long Islanders.

Security and Community Policing

Police presence cannot be overstated. New York State has a program called the "Combat" program, the funding of which is obtainable through local government or local community development agencies. This program finances a police presence, usually in the form of a substation in the community. In the Long Island Community of North Amityville, a police substation was essential to encourage businesses to locate in the once infamous "drug supermarket" locale. The area known as the "corner" was once ranked by the Federal Bureau of Investigation as the seventh most notorious drug location in America. Today, the location is almost totally redeveloped with a quality private sector day care center, the first bank ever in North Amityville and a drug store/pharmacy complex. The presence of the police sub-station was an integral part of the successful development of the community.

Community Participation

Community involvement is essential in determining what part of the old neighborhood should be enhanced, which part should be retained and what the enhanced neighborhood should look like. Gentrification of a neighborhood should never be contemplated. Those who plan for a reconfiguration of their community should always participate in that resurgence. This critical partnership between the community and local government would provide for the essential smooth transition which is necessary for the project to succeed. Without the community originating the revitalization effort, expectation of success is minimal.

The community involvement must extend beyond the planning stages. When the neighborhood has a vested interest in the success of a project, they will not only insure its success but also guarantee that the alliances and partnerships will extend well into the future. Successful community and neighborhood revitalization is not an isolated occurrence but a continual process that evolves into a philosophy of continued economic growth.

Certified Urban Renewal Plan

This initiative involves government placing all of its power and resources behind the project. These plans, which are open for public hearing, describe boundaries of the designated area slated for renewal as well as what the government and community partnership are planning to accomplish. Once adopted, usually at the village level, or the town board level if no village exists, the project becomes eligible for many federal and state housing and economic development incentives and programs. The adoption of the plan, which is government acknowledging its underwriting responsibilities, provides more than financial benefits. It requires community involvement and support to have the urban

renewal plan successfully approved by the local municipality. The process coalesces forces and unites everyone in a partnership that is so critical for the success of the project.

PRIVATE SECTOR DEVELOPMENT INITIATIVES

LONG ISLAND NEIGHBORHOOD DEVELOPMENT INITIATIVE (LINDI)

The Long Island Neighborhood Development Initiative is a cooperative community and neighborhood development project consisting of corporate, charitable foundations and community organizations. Government agencies are not part of LINDI, but their cooperation, participation and assistance are sought and are an important part of the neighborhood revitalization process. The focus of the collective effort is to foster economic and community development in Long Island neighborhoods.

The initiative evolved from a task force formed by Citibank and the Long Island Community Foundation to explore Long Island's neighborhood-based community development problems and potential. The task force was later joined by the Rauch Foundation, housing partnerships and local development agencies.

The task force members believed that a major obstacle to groups wishing to accomplish community development objectives was the lack of access and information to turn their goals and ideas into viable projects. As a result, the task force members formalized the organization into the Long Island Neighborhood Development Initiative (LINDI) and committed funds to retain a project director with strong experience in community and economic development. The mission of LINDI was to provide technical assistance to neighborhood and community organizations so that they could strengthen their capacity to succeed with short and long term projects. LINDI believed that many communities possess individuals who have leadership talent and inherent ability to accomplish their goals and objectives but they have to learn how to build their capacity to be able to fully engage these talents and bring fruition to community objectives.

LINDI launched a search for Long Island communities that had unfulfilled goals and objectives which presented a vision for that neighborhood. The projects were selected on merit, vision and ability to succeed. Race was never a factor. Three projects were selected. Two were in black communities and one was in a white community.

The Hamlet of New Cassel and The Neighborhood Advisory Council (NAC)

The community of New Cassel is the classic minority community, frequently in need and often ignored. The community would be eligible for economic development assistance whether racial or economic criteria were used to determine eligibility. In the "Poverty Definition Rankings" illustration the hamlet of New Cassel was ranked as the 23rd poorest Long Island community as well as the community with the 2nd highest

minority population with 97.3 percent minority. New Cassel residents speak Spanish, French and English.

The New Cassel Neighborhood Advisory Council (NAC) was created through the Neighborhood Based Initiatives of the New York State Department of Social Services in 1993. This initiative, advocated under then New York State Governor Mario Cuomo encouraged the formation of Neighborhood Based Alliances. The program has since been discontinued by the current administration of Governor George Pataki. The NAC is a group of multi-cultural individuals and representatives of the community. Members of the NAC represent the school district, business owners, human service providers, economic development corporations, government, the religious community and cultural, civic and legal representatives. The originating goal was to collectively, with community input, facilitate a positive and measurable change in the community which would help to create a better quality of life for the residents of New Cassel.

The NAC prepared a community economic development plan which was called a Strategic Neighborhood Action Plan (SNAP). This assisted the NAC in focusing on what they collectively believed would begin to revitalize their community. Their collective decision was to build a community center. The community currently does not have such a multi-faceted facility and this project is the only one under consideration. LINDI is assisting them with the community center.

The NAC was seeking assistance to develop a full multi-service community center which would provide a comprehensive set of programs and services to the community. The primary goal was to establish a curriculum which would provide unemployed adults, high school drop outs and high school graduates without skills, with the necessary job and employment skills to obtain and hold a job. The job training programs would be designed to teach the youth and unemployed residents of New Cassel the basic employment skills. The belief was that if more New Cassel residents could hold jobs, then problems such as juvenile crime and drugs could begin to be addressed. The NAC also believed that if peer group members held jobs that brought income back into the community, then through this new economic activity, the social pathology of New Cassel could begin the process of diminishment.

The NAC has formed a relationship with the board representatives of the industrial civic association representing a large industrial park within walking distance of New Cassel. As soon as the plans are firm, the board of the industrial association has agreed to work with the NAC in developing a curriculum for job, employment and skills training that will be tailored for the needs of the industrial park. This is an important aspect of the venture since the available jobs tend to be blue collar, manufacturing, clerical and support services. The ultimate goal is to prepare the New Cassel work force for employment in the businesses located within the industrial park.

The community center would also accommodate the needs of youth mentoring and academic enrichment. Through education and extending the school day, children would have a place to go after school and before their parents came home from work. This

would keep the children away from the drug dealers in the neighborhood. The majority of the children who comprise a large percentage of the New Cassel school age youth are either new immigrants or come from low and middle income families. The strategy of the community to deal with the crime and drug problems through jobs and economic development, rather than purely through social policy initiatives, has earned the attention of the business community. They view this effort as the economic and business issue of training their future work force.

The center would also have an intergenerational day care center for both the children and parents of working New Cassel residents. This would provide jobs in the day care center for residents as well as providing a quality program for those needing day care. Currently, the New Cassel community does not have a day care center, resulting in parents seeking day care from unlicensed caregivers, which at times places the children in dangerous and unsuitable conditions.

Progress has been made. A site has been located for the center, all the appropriate government officials have been briefed and their cooperation is assured. The NAC is currently conducting a survey to determine what other services the community would like to have in the center and also to enlist their support.

Manhasset-Great Neck Economic Opportunity Council (EOC)

This project, and the community selected for assistance, is a perfect example of how people in need can be ignored by eligibility criteria that are too broad. The Manhasset-Great Neck Economic Opportunity Council is an organization that has been in existence since 1967, founded with the belief that a "family's most precious resource is its children". The mission of the EOC is to provide guidance, education and activities for the children of its service area because of the concern for functional illiteracy, crime, teenage pregnancy and alcohol and substance abuse. These services are comprised of over 35 programs which are offered for the economically disadvantaged and low income youth and families in the greater Manhasset-Great Neck community. The EOC also operates a community action program to prevent homelessness and hunger, a Head Start center serving 54 children and an Adventures in Learning program.

The assistance requested of LINDI is to aid in the development of a comprehensive list of capital improvements needed for the rehabilitation of its building. The project focuses on raising approximately \$2.5 million for the major renovations required to bring the building up to an acceptable level of maintenance, which would also allow the organization to expand its programs. The new programs, which will compliment the ones currently provided, will include job, skills and employment training and life preparation training in the areas of parenting, family finances and budgeting. The new focus recognizes that children and young adults must have the necessary talents to be able to participate in the workforce. Constructed in 1929, the building known as the "Old Valley School Building", has historic and cultural importance since it was the only school educating the African-American community of Manhasset during that time. LINDI will

also focus on the strengthening of the capacity of the EOC by creating partnerships necessary to generate the funds required to complete the improvements.

The timing of this project is perfect given the expanding economy which is creating entry level jobs that those being trained can fill. The fact that the training of a workforce is being undertaken has been noticed by a major teaching hospital and medical center located directly across from the neighborhood that the EOC serves. The president of this medical center, the largest on Long Island, has committed to assist in the project as well as other important members of the local business community who have indicated their willingness in assisting with the fundraising. The total financing package will include Head Start capital money, private fundraising from the business community and commercial lending under the Community Reinvestment Act. A commercial bank has already expressed interest. A business plan, nearing completion, is being prepared for presentation to the business community, lenders and government in support of the funding requests.

The uniqueness to this project is that it would have been ineligible for assistance if either or both of the racial or economic criteria were used to evaluate eligibility. The community in which the EOC building is located is Manhasset-Great Neck, one of Long Island's wealthier neighborhoods. With 32.7 percent minority representation in the community, the predominantly white Manhasset-Great Neck community is ranked 37th among Nassau County's minority neighborhoods. It is also ranked 289th, a mid-level ranking in terms of economic wealth. A closer look at demographic statistics reveals why this project was selected.

The school building is in the community of Spinney Hill, a pocket of poverty surrounded by wealth which unfairly penalizes its residents by giving the impression of wealth. The reality is that Spinney Hill is home to 457 households where 22 percent are white and 78 percent are black. Furthermore, seventy-eight percent of the white households and 53 percent of the black households earn between less than \$5,000 and \$25,000 annually. The combined poverty quotient is that 58 percent of all households annually earn between less than \$5,000 and \$25,000. The fact is that the white families have no representation in the annual household income category exceeding \$50,000, while 30 percent of the black households earn in excess of \$50,000 annually, with 3 percent in excess of \$100,000. This illustrates how eligibility criteria must be flexible enough not to ignore or overlook communities in need of assistance to help themselves.

The critical turning point in this project resulted from the workforce preparation component of the new programs that will be offered. All the potential partners; the community, business and government, are in total support of the importance of what the Manhasset-Great Neck EOC is trying to accomplish.

Westhampton Beach Community Action Network (CAN)

The Community Action Network of Westhampton Beach would be ineligible under any criteria. A neighborhood with approximately 14 percent minority population, with economic rankings between 122nd and 170th, this community is predominantly white with upper middle class wealth.

The project the CAN is undertaking had its genesis in 1996, when a black youth was brutally attacked and nearly killed by three white men outside a Westhampton Beach night club. The black youth has miraculously survived, with the three white men currently facing attempted murder charges. The event so disturbed the community that they were motivated to plan and create a community center where all residents of the community could come together. The contemplated programs are academic enrichment, senior activities and life preparation skills for the young adults. It also endeavors to be a place where children and young adults can gather for responsible activities and not to congregate where the atmosphere may lead to violence.

The project is progressing much slower than the other LINDI projects previously discussed, primarily due to the challenges that all new community organizations face. The ability of communities to organize themselves is fundamental to the success or failure of any idea. Such is the case with CAN. They are in the process of organizing the organizers. This process has finally evolved into the weeding out of those who expressed interest in participating but have not turned that interest into motivated actions. The next step is to gain membership in CAN and also generate community interest. They are learning that many express interest but fewer show up when there is work to be done. The board of CAN is progressing and they will be organized shortly. They are building capacity to accomplish their goal.

In spite of their lack of membership, they have played a significant role in preventing a referendum from appearing on the ballot calling for the disbursement of \$2.5 million for a competing community center and pool project. They have also succeeded in positioning themselves to submit a proposal for at least half of the money. Success will depend on the results of their community survey and in increasing their membership to where they have achieved a critical mass of support.

SUSTAINABLE LONG ISLAND

This effort is an attempt by not-for-profit foundations to impact the problems of poverty, illiteracy, joblessness, homelessness and social and economic inequities that exist in many communities on Long Island. The initiative also seeks to place in balance the development of open space with the need to create jobs and encourage economic development. The philosophy trends from the Sustainable America movement and attempts to learn from the disappointment and successes of other sustainable models that have been attempted or are underway in cities such as Milwaukee and Atlanta. A

fundamental imperative is that of the living wage. The consensus is that whatever jobs are created must provide for a wage than can sustain a household, given the higher than average cost of living on Long Island which includes higher property taxes and the second highest utility costs in the nation.

The movement has some obstacles. Long Island is ninety miles long without one unifying government. There are two counties, thirteen towns and two cities, as well as over seven hundred other taxing jurisdictions such as villages, schools, lighting, sewer, library and highway districts. Each one of these units is autonomous and fiercely independent. Long Island does not have a macro sense of community and that is a problem when community organizing is a vital component to the success of any community based venture.

The positive impact that this movement can achieve is to bring to light the similarities that all of Long Island has in terms of providing affordable entry level housing for young adults. The linkage of affordable housing with the necessity to create jobs that provide a living wage to help pay for those homes is a unifying message. The construction of affordable housing then segues into the land use issue. Land use is a high agenda item with open space diminishing at an exponential rate. Planners need to focus on recycling previously developed properties that are now vacant.

Existing infrastructure should be retained. There is a tendency to destroy infrastructure such as railroad sidings, airports and military bases once they become vacant. The replacement of these structures at current market prices would be unthinkable given the current tendencies toward less government spending and smaller municipal budgets. It would be more cost effective to land bank these fixed assets and recycle them at a fraction of their current replacement costs as an incentive to attract companies that will pay employees a living wage.

The sustainable movement is organizing in other cities. Some of these efforts are only 7 years old and some are still in the preliminary phases. The successes of these efforts have usually come in communities that are definable and involve projects that have a clear vision of the desired goals and measurable objectives. The sustainable Long Island project is still in its neo-natal stages and the planning is focusing on what Long Island believes to be it's definition of sustainable and on what issues and what activities the center of interest and efforts should be.

LONG TERM POLICY CONSIDERATIONS

A principle of economic development is to devise a strategy that will bring economic activity to an area in need. Tax and spending policies at all levels of government impact the individual and the collective wealth of all communities and neighborhoods, whether they be poor, middle class or wealthy. One needs to look no further than this last congressional effort at tax reform which was recently signed into law by President Clinton. National tax and budgetary policy will continue to play a role in how we all prosper. The following discussion is offered for debate on how to restructure our national budget,

provide meaningful middle class tax relief and give the poor a real opportunity to escape poverty.

The National Tax Rebate

Providing for education, health care, child care, and retirement are major concerns for all Americans. It is increasingly evident that Americans cannot depend on the government to provide for their needs. The federal government spends hundreds of billions of dollars on income assistance programs for individuals and families in all economic classes, as well as corporations. Many of these programs are fragmented, wasteful and overburdened with administrative bureaucracy. Consequently, Americans receive far less value from these programs than would be the case were they to receive the funds directly, to allocate to their own needs as they see fit.

The government should return much of this money in the form of tax relief. Meaningful tax relief increases incentives to work, save and invest. It is obvious that Americans would benefit enormously from a substantial tax cut.

A National Tax Rebate would return to Americans a significant portion of the taxes currently collected by the government, giving Americans the opportunity to make their own spending choices. It may be time to give serious consideration to the National Tax Rebate as the most efficient means of providing tax relief to the middle class, without turning our backs on the poor or disadvantaged.

By providing the most useful and flexible kind of financial assistance-cash-the National Tax Rebate would benefit Americans much more than the current government programs. Individuals and families are in a much better position to address their own unique needs than government administrators. Thus, the National Tax Rebate could make numerous government programs and their related bureaucracies unnecessary.

The National Tax Rebate would redirect approximately \$720 billion in federal tax monies by replacing today's inefficient government programs with a tax rebate to individuals. Cashing out these programs and eliminating their bureaucracies would fund a rebate for all Americans. The research commissioned by the Institute for SocioEconomic Studies shows that the National Tax Rebate could be fully financed in this way, without the need to raise new taxes, increase spending, or add to the federal debt.

The National Tax Rebate would constitute taxable income. Under the existing progressive tax code, the after-tax value of the rebate would decrease as one's earnings increased, ensuring that those with less income would retain more of their rebate.

While providing meaningful tax relief to the middle class, the National Tax Rebate could be designed to ensure that virtually every eligible American-even those holding part-time, minimum wage jobs-could live more comfortably than is the case today. There would be no means-testing. Instead, the rebate would provide an incentive to work more

hours or earn more money. Success would be rewarded, not punished by decreased government benefits. All Americans would be encouraged to fully realize their potential, and all society could benefit.

Research to Test the Concept of The National Tax Rebate

In 1995, the Institute for SocioEconomic Studies commissioned The Columbia School of Social Work to conduct a microsimulation analysis of five hypothetical tax rebate plans. All of the theoretical rebate plans were formulated for research purposes only, to explore a rang of possibilities. (A National Tax Rebate Plan could be designed to preserve the existing Social Security System). The research tested a concept and no specific rebate plan.

The purpose of the study was to assess the feasibility of financing such a rebate and to determine the effect of a National Tax Rebate on poverty. The microsimulations showed that there was an important reduction in the poverty rate, which was further reduced by a 20-hour-per-week part-time job. The National Tax Rebate would return to all Americans the incentive to work by allowing them to keep more of what they earn.

The five model rebate plans studied would provide additional pre-tax income of between \$10,000 and \$16,000 annually to a family of four. Rebate amounts differed between adults and children, and several plans provided rebates to senior citizens. The research confirmed that each of the five variations of tax rebates studies would provide a net benefit to most Americans, even though numerous government programs would be eliminated. Moreover, the study provides evidence that the National Tax Rebate could be fully financed without increasing the federal deficit or the federal debt.

CONCLUDING COMMENTS

This discussion has shown that there has been a change in the composition of poverty in America since the advent of Affirmative Action and the anti-poverty programs. There will continue to be a devolution of the federal programs, at best, and the continuation of the defunding of many of the anti-poverty programs as we have known them, at worst.

There most certainly will be a continuation of the industrial restructuring that we have all become used to. Downsizing will continue, business combinations will increase with merger partners from around the world. The United States laws, governing anti-trust and protective of competition, will be tested to the limits.

The population in America's downtowns and inner cities have already found that the jobs once held by their parents are no long available to them. Other young adults will find that the skills they thought they had, and that they believed would find them employment, would be totally inadequate for the jobs that are necessary to support a household in todays economy.

America has always found a way to assist those less fortunate begin the journey to achieve the American Dream. Times have changed and so must the policies, but not the underlying principles of social justice and the opportunity for an individual to achieve social equity. The time is certainly appropriate to discuss the need for race and gender neutral approaches to social and economic equality insuring the fairness of the opportunity to achieve.

Congress will soon debate Affirmative Action with the intent on eliminating all assistance. The President has called for fixing the programs, not eliminating them. Policymakers and lawmakers should strive for equitable programs that allow all poor people the opportunity to harness their energies and abilities and reach that first rung of the ladder out of poverty.

The essence of the issue is where to invest the limited resources that might be made available. If economic sense and planning are employed, then a plan where the investment of both government and private sector capital could be developed. If the plan provides the taxpayer and the private sector with a decent rate of return, then we would have made a good start.

A crucial part of the strategy is to target the states, then communities where an accurately aimed and targeted investment would be made. It would be interesting to inject some economic modeling into the strategy to determine what the benefit of an economic development policy that injects capital into the impoverished communities would have. We could therefore determine, based upon economic need, the areas where the greatest economic multiplier impact would be on both the regional and national economy.

It may be the time for the public policy community to begin thinking about an economic development policy that embraces a race neutral approach and is goal oriented with the objective of creating sustainable jobs.

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Martin R. Cantor is a graduate of Brooklyn College with a B.S. in Accounting. He has served as: Commissioner for Economic Development of Suffolk County (the largest suburban county in New York State) creating over 23,000 jobs providing an estimated annual payroll economic impact of over \$1.4 billion; Chief Economist for the New York State Assembly Subcommittee for the Long Island Economy; Alternate Delegate to the 1995 White House Conference on Small Business and as a member of the Department of Economics Faculty at Brooklyn College of the City University of New York. He has prepared neighborhood and downtown revitalization plans that feature arts districts, mini urban redevelopment and waterfront projects. He has authored: federal, state and local legislation; economic impact analyses; a Profile of the Long Island Business Base; annual reports on the State of the Long Island Economy and a convention center feasibility study.

He currently is: a Certified Public Accountant in private practice, an economic development and planning consultant to counties, towns, villages and communities; a Senior Fellow at the White Plains, New York based Institute for SocioEconomic Studies - a public policy think tank focusing on poverty in America and senior citizens quality of life issues; the Project Director of the Long Island Neighborhood Development Initiative and a member of the Economic Club of New York. He provides economic and business commentary on television and radio and his columns have appeared in the Business Journal of Long Island, Newsday and syndicated nationally by Newsday, Bridge News and Knight-Ridder/Tribune News Service. He is an Honorary Member of Delta Mu Delta - The National Honor Society in Business Administration and has been recognized by the National Association of Counties for innovative concepts in the use of Industrial Revenue Bonds and for International Trade Promotion Activities. He most recently was invited by Dr. William Julius Wilson, of the John F. Kennedy School of Government at Harvard University, to present his paper entitled *Race Neutral Sustainable Economic Development*. This policy for jobs, skills and employment focuses on communities, not individuals and is based upon economic eligibility criteria, not race.

He has served as a Board Member for over 40 agencies and has been board president for the largest Suffolk County planning, advocacy and research umbrella agency for more than 200 health and human service agencies as well as vice-chairman of a not-for-profit child and elder care agency serving over 1,000 families.

HARVARD
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Mon., Oct. 27—**Talks by Martin Cantor and George Pugh.** (KSG) “Race Neutral Sustainable Economic Development,” Martin Cantor, Institute for Socio Economic Studies,” and “The Wage Supplement and the Single Rate Tax,” George Pugh, Cambridge. Moderated by William Julius Wilson, KSG and Harvard University. Room 114, Barker Center, 12:30 p.m. Call 496-4514 for details.



General Colin L. Powell, USA (Retired)

Suite 767

909 North Washington Street

Alexandria, Virginia 22314

3 Jan 98

Dear Mr. Cantor,

Thank you for your
interesting paper. The
policy positions you
propose have merit with
or without affirmative
action efforts,

Thanks for your
thoughtfulness in sharing
it with me.

Sincerely,
C. L. Powell

THE WHITE HOUSE
WASHINGTON

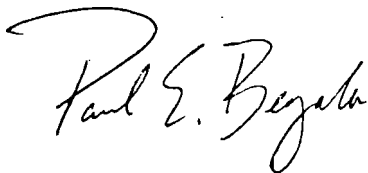
Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, NY 11747

Dear Mr. Cantor:

Thank you for your recent letter and for forwarding me a copy of your report. I look forward to reading it in the near future. I share your interest in the issue of affirmative action and its relation to the questions of race, ethnicity and poverty.

I wish you continued success in your work.

Sincerely,

A handwritten signature in cursive script, reading "Paul E. Begala". The signature is written in dark ink and is positioned above the printed name and title.

Paul E. Begala
Counselor to the President



U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-0001

THE SECRETARY

July 20, 1998

Mr. Martin R. Cantor
28 Woodmont Road
Melville, NY 11747

Dear Mr. Cantor :

Thank you for sending me a copy of "Race Neutral Sustainable Economic Development." I appreciate your sharing with me your research of race relations in the United States.

Best wishes in your continued work.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Cuomo", with a long horizontal flourish extending to the right.

Andrew Cuomo



Brandeis University

Robert B. Reich
*University Professor,
Maurice B. Hexter Professor
Of Social and Economic Policy*

Brandeis at



1948 - 1998

May 27, 1998

Mr. Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, NY 11747

Dear Mr. Cantor:

Thank you for your interesting and enlightening paper. You're preaching to the converted!

You were kind to share your thoughts with me.

Sincerely,

A handwritten signature of Robert B. Reich in cursive script.

Robert B. Reich

MICHAEL P. FORBES

1ST DISTRICT, NEW YORK

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<http://www.house.gov/forbes/welcome.html>

Congress of the United States
House of Representatives
Washington, DC 20515-3201

December 3, 1997

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Mr. Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, Long Island, New York 11747

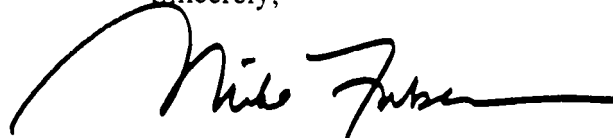
Dear Mr. Cantor,

Thank you for sending me your paper entitled *Race Neutral Sustainable Economic Development*. I found it to be quite an interesting thesis.

I agree with you that we, as a Nation, need to reevaluate our affirmative action policies. It is Congress' responsibility to review and re-evaluate these programs. Personally, I abhor discrimination of any kind and for that reason have instituted a policy of non-discrimination in my office.

Your paper describes a real alternative to the quota-based systems created by the Civil Rights Act of 1964. When debate on this issue reaches the floor of the House I will be sure to keep your ideas in mind. I truly appreciate you sharing your ideas with me, and I hope that you will continue to stay in touch.

Sincerely,



MICHAEL P. FORBES
Member of Congress

MPF:cmh

LOUIS STOKES
11TH DISTRICT, OHIO

MEMBER,
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEES
RANKING MEMBER,
VA/HUD/INDEPENDENT AGENCIES
MEMBER,
LABOR/HHS/EDUCATION

Congress of the United States
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January 14, 1998

Mr. Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, New York 11747

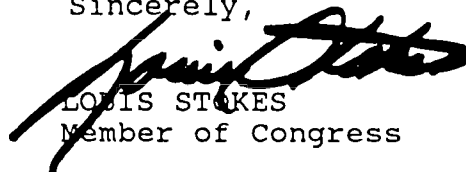
Dear Mr. Cantor:

Thank you so very much for sending me your analysis of *Race Neutral Sustainable Economic Development* which you recently presented at Harvard University's John F. Kennedy School of Government.

I agree with you that the status of our present affirmative action programs will remain of critical national interest especially in this election year's debates. Like you, I share the President's commitment to open, in depth, and thorough debate on this issue as racism remains an endemic illness in our society. I know that we will continue to need the articulate voices of our leaders, at every level, to contribute their intelligence and knowledge of constructive discussion and work to move us steadily toward a society based on equal justice under the law.

Again, thank you again for sharing your well-considered thoughts with me on this critical subject. Your paper will be a valuable resource for me as well as for my staff.

Sincerely,



LOUIS STOKES
Member of Congress

LS/fw

United States Senate

OFFICE OF THE MAJORITY LEADER
WASHINGTON, DC 20510-7010

November 24, 1997

Mr. Martin R. Cantor
28 Woodmont Road
Melville, New York 11747

Dear Mr. Cantor:

Thank you for contacting me regarding affirmative action. I look forward to reading *Race Neutral Sustainable Economic Development* when time permits and appreciate your sharing it with me. Affirmative action is a difficult and sometimes complicated issue, and I appreciate having the benefit of your insights.

When affirmative action programs were first established several decades ago, they were intended to be a temporary remedy for instances of discrimination. However, over the course of thirty years, they have instead become entrenched systems for asserting favoritism over individual merit.

Most Americans now view affirmative action programs to be divisive and unfair. I agree with them. We have to find other ways to advance what I consider a simple and morally compelling public policy: to assure equal protection of the laws and equal opportunity. At the same time, we need to maintain the legal mechanism for dealing with specific instances of discrimination.

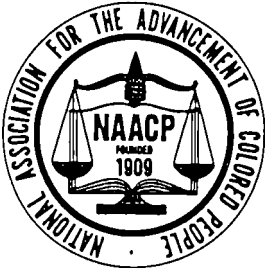
Again, thank you for your letter. With best wishes, I am

Sincerely yours,

A handwritten signature in black ink, reading "Trent Lott". The signature is fluid and cursive, with the first name "Trent" and last name "Lott" clearly distinguishable.

Trent Lott

TL:shw



NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE

4805 MT. HOPE DRIVE • BALTIMORE, MD 21215-3297 • (410) 358-8900

April 8, 1998

JULIAN BOND
Chairman, Board of Directors

Mr. Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, New York 11747

Dear Mr. Cantor:

Thank you for sharing your paper with me. It raises important questions.

However, affirmative action policies aim at overcoming racial discrimination, not poverty; although discrimination is responsible for much of the poverty black Americans face.

Race-neutral policies do not touch insidious racial discrimination. Substituting class for race leaves white supremacist policies and habits in place.

Race neutral, class focused university admissions policies, for example, would result in whiter college campuses, with fewer, not more racial minorities.

Best wishes,

Julian Bond
Chairman
NAACP National Board of Directors

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BRUCE A. COHEN, *Minority Chief Counsel*

United States Senate

COMMITTEE ON THE JUDICIARY

WASHINGTON, DC 20510-6275

December 2, 1997

Mr. Martin R. Cantor
28 Woodmont Road
Melville, NY 11747

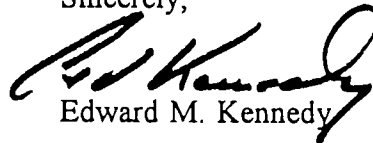
Dear Mr. Cantor:

Thank you for your recent correspondence in which you attached a policy paper you delivered on affirmative action. I apologize for the delay in my response.

I do not believe that the Supreme Court has dealt a "mortal blow" to affirmative action. In Adarand, seven Supreme Court justices declared that affirmative action programs, when properly crafted, are constitutionally permissible. For scores of women and minorities, the playing field is not level. I will continue to work hard to ensure that equal justice under law is not a hollow promise.

Thank you for sharing your views on this important issue.

Sincerely,



Edward M. Kennedy

RICK LAZIO

2d DISTRICT, NEW YORK

COMMITTEES:

BANKING AND FINANCIAL SERVICES

CHAIRMAN, SUBCOMMITTEE ON HOUSING
AND COMMUNITY OPPORTUNITY

SUBCOMMITTEE ON CAPITAL MARKETS, SECURITIES
AND GOVERNMENT SPONSORED ENTERPRISES

COMMERCE

SUBCOMMITTEE ON
FINANCE AND HAZARDOUS MATERIALS

SUBCOMMITTEE ON HEALTH AND ENVIRONMENT

DEPUTY MAJORITY WHIP

Congress of the United States

House of Representatives

Washington, DC 20515-3202

December 11, 1997

PLEASE RESPOND TO:

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INTERNET: LAZIO@HR.HOUSE.GOV

Mr. Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, New York 11747

Dear Mr. Cantor:

Thank you for contacting me regarding civil rights and affirmative action. I appreciate the opportunity to address your concerns.

The Civil Rights Act of 1997, introduced by Charles T. Canady (R-FL), would prohibit the federal government from discriminating against, or granting preferences to, individuals based on race, color, sex or nationality, in connection with federal contracts, employment, or other programs or activities. This bill would protect the federal government's ability to engage in outreach, recruiting and marketing efforts of women and minorities.

On November 6, 1997, the House Committee on the Judiciary removed the Civil Rights Act from consideration and, therefore, this bill is not expected to go before the full House of Representatives for a vote.

As Chairman of the Banking Subcommittee on Housing, I have worked tirelessly for equal rights and opportunity for all under federal housing laws. I have pushed for legislation to address the issues of redlining and unfair scrutiny of minorities during the mortgage screening process. In the near future, I may be hosting a minority housing forum to focus on these even more. Please be assured that I will be keeping your views in mind should legislation of this type come before the full House.

Again, thank you contacting me. I look forward to hearing from you in the future on issues that are important to you.

Sincerely,



Rick Lazio
Representative in Congress

INITIATIVE FOR A COMPETITIVE INNER CITY

Michael E. Porter, Founder and Chairman
Whitney R. Tilson, Executive Director
Marcia I. Lamb, Chief Operating Officer
Anne S. Habiby, Director of Research

phone 617-292-2363
fax 617-292-2380

February 19, 1998

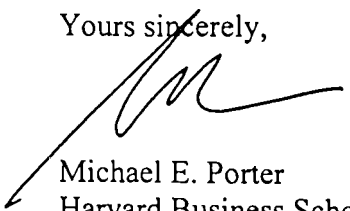
Mr. Martin Cantor
28 Woodmont Road
Melville, NY 11747

Dear Martin:

Thank you for your letter and paper *Race Neutral Sustainable Economic Development*. As you may know, in 1994 I established the Initiative for a Competitive Inner City (the "Initiative"). The Initiative's mission is to foster healthy economies in America's inner cities. We seek to transform thinking, reinvigorate market forces and engage the private sector to create jobs, income, wealth and economic opportunities for inner-city residents. As you may also know, we are delighted that Professor Wilson recently joined the Initiative's Board of Directors.

The mission of the Initiative seems consistent with the ideas developed in your paper. To that end, I have forwarded a copy of your paper to the Initiative's Director of Research, Anne Habiby. I have enclosed for your review an information package about the Initiative that includes the most recent article I have published on inner city competitiveness.

Yours sincerely,



Michael E. Porter
Harvard Business School

Enclosure



ONE AMERICA IN THE 21ST CENTURY

The President's Initiative on Race

The New Executive Office Building
Washington, DC 20503
202/395-1010

202-395-1010

JAN 2 1998

Martin R. Cantor
Certified Public Accountant
28 Woodmont Road
Melville, NY 11747

Dear Mr. Cantor:

A copy of your letter to Reverend Suzan Johnson Cook of the President's Advisory Board on Race has been forwarded to me. We appreciated receiving your paper, *Race Neutral Sustainable Economic Development*.

The issues that the report brings to the forefront are important in our efforts to achieve the goals set forth by the President for the Initiative. This information will serve as a solid resource for us as we begin to critically examine these issues.

As you know, President Clinton's goal is to build one American community which celebrates our differences, yet is united by shared values. This will take an ambitious effort to promote dialogue and interaction among people from a wide variety of racial and ethnic backgrounds. Among the activities in which The President's Initiative will engage are town meetings, roundtable discussions, and facilitated conversations. Some of these activities will involve the President, some will involve members of The President's Initiative Advisory Board, and some will involve other organizations which we hope to bring into the process.

Thank you for your interest in The President's Initiative on Race. Please visit our Web Site at www.whitehouse.gov for updated information on the President's Initiative on Race.

Sincerely yours,

Lin C. Liu

Deputy Director
Policy Planning and Research