URBAN AMERICA: GOALS AND PROBLEMS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON URBAN AFFAIRS

OF THE

JOINT ECONOMIC COMMITTEE

CONGRESS OF THE UNITED STATES

NINETIETH CONGRESS

FIRST SESSION

SEPTEMBER 27, 28, OCTOBER 2, 3, AND 4, 1967

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URBAN AMERICA: GOALS AND PROBLEMS

WEDNESDAY, SEPTEMBER 27, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON URBAN AFFAIRS
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to call, in room S–407, the Capitol, Hon. Richard Bolling (chairman of the subcommittee) presiding.

Present: Representatives Bolling and Griffiths; Senators Javits and Percy.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Donald A. Webster, minority staff economist; and Richard F. Kaufman, staff economist.

Chairman BOLLING. The subcommittee will be in order.

This morning the Subcommittee on Urban Affairs of the Joint Economic Committee begins the first public hearings in its long-range study of the problems of our urban environment.

We are convinced that concern over the future of our urban environment should receive a high priority in the Congress as well as in the deliberations of the public and in the work of the various specialists who can help us to understand the urban environment and find solutions to its problems.

This subcommittee's studies have been undertaken in order to stimulate new thinking about urban goals and problems, to highlight areas of agreement and disagreement among the experts about the nature of the most pressing problems and the approaches to their solution.

With this end in mind, we have already published a Directory of Urban Research Study Centers in August of this year, and in September a compendium of invited papers from more than 20 specialists in many different fields of expertise which we entitled "Urban America: Goals and Problems."

The hearings opening today are based upon that compendium. The witnesses are the experts who have contributed papers to that compendium.

The panel on each day will be made up of individuals with widely different types of knowledge and skill including such diverse specialists as economists, sociologists, lawyers, psychiatrists, anthropologists, and others.

We hope this diversity of talents will enable us to grind away at the conflicts between different viewpoints and approaches and at the same time achieve a more rounded and complete view of these problems by drawing on the expertise of many different disciplines.

We aim, too, at bringing the specialized policy issues in the area of urban affairs into a more rigorous relationship with the broader na-

tional issues with which our parent committee is concerned; namely, those relating to the achievement of stable prices, full employment, and rapid economic growth in a free enterprise economy.

From this initial review we hope to not only shed much light on the problems before the subcommittee, but to give us a firm foundation for the intelligent direction of our resources in later stages of the investigation.

At this point in the record we will include the hearing announcement and schedule of witnesses.

REPRESENTATIVE BOLLING ANNOUNCES HEARINGS ON URBAN AMERICA: GOALS AND PROBLEMS

Representative Richard Bolling (D., Mo.), Chairman of the Subcommittee on Urban Affairs of the Joint Economic Committee, today announced that the Subcommittee will hold five days of hearings—September 27, 28, and October 2, 3 and 4—on "Urban America: Goals and Problems." Representative Bolling also released a compendium of papers prepared for the Subcommittee by a number of specialists in the field of urban affairs.

In announcing the hearings and releasing the compendium, Mr. Bolling said:

"Concern over the future of our urban environment should occupy a high priority in Congress as well as in the minds of the general public. In order to stimulate new thinking about urban goals and problems, and to find out the areas of disagreement among the experts about the nature of the most pressing problems and the approaches that should be taken toward their solution, the Subcommittee invited over twenty specialists to contribute papers for a compendium entitled, *Urban America: Goals and Problems.*

"The hearings scheduled for later this month will be based largely on the compendium. The experts who contributed papers will appear in panels as witnesses before the Subcommittee. The panels are made up of individuals with widely different expertise, including on each panel such diverse specialists as economist, architect, political scientist, lawyer, psychologist, anthropologist, and others.

"In view of our objectives and our hope to take a much broader view of the urban environment than more specialized organizations often achieve, we have divided the subject matter into four general categories and assigned each of the specialists to address himself to one of them. These categories are: Goals, Values and Priorities; Functional Problems; Rules of the Game: Public Sector; and Rules of the Game: Private Sector.

"The hearings will complete the first phase of a long-range investigation of the problems of our urban environment being conducted by the Subcommittee."

Due to the limited number of volumes printed for the Committee, copies of *Urban America: Goals and Problems* are available to members of the Press in Room G–133, New Senate Office Building (Telephone: 225–5321). Also, this volume is on sale at the Government Printing Office, Superintendent of Documents, for 75 cents.

REPRESENTATIVE RICHARD BOLLING ANNOUNCES SCHEDULE OF HEARINGS ON URBAN AMERICA: GOALS AND PROBLEMS

Representative Richard Bolling (D., Mo.), Chairman of the Subcommittee on Urban Affairs of the Joint Economic Committee, today issued a schedule of hearings that his Subcommittee will conduct on September 27, 28, and October 2, 3 and 4, on "Urban America: Goals and Problems." Issues raised in the Compendium (released September 11, 1967) will be discussed by the various individuals who contributed papers. These statements concentrated on four categories: goals, values and priorities; functional problems; the public sector; and the private sector. The hearings will complete the first phase of a long-range investigation by the Subcommittee on Urban Affairs.

SCHEDULE OF HEARINGS

Wednesday, September 27, 10:00 a.m., Room S–407, The Capitol:
Lyle C. Fitch, President, Institute of Public Administration, New York
Percival Goodman, Professor of Architecture, Columbia University

Edward T. Hall, Professor of Anthropology, Illinois Institute of Technology
Werner Z. Hirsch, Professor of Economics, University of California, Los Angeles
Homer C. Wadsworth, President, Kansas City Association of Trusts and Foundations, Kansas City, Missouri

Thursday, September 28, 10:00 a.m., Room S–407, The Capitol:
Leo Levy, Psychologist, Illinois Department of Mental Health, State of Illinois
Donald Michael, Professor of Psychology, University of Michigan
Roger Starr, Executive Director, Citizen's Housing and Planning Council of New York, Inc.

Monday, October 2, 10:00 a.m., Room S–407, The Capitol:
Thomas B. Curtis, United States Representative, State of Missouri
Royce Hanson, President, Washington Center for Metropolitan Studies
Charles Kimball, President, Midwest Research Institute, Kansas City, Missouri
Wilbur R. Thompson, Professor of Economics, Wayne State University

Tuesday, October 3, 10:00 a.m., Room S–407, The Capitol:
Daniel J. Elazar, Professor of Political Science, Temple University
Frederick Gutheim, Consultant on Urban Affairs, Washington, D.C.
James Heilbrun, Professor of Economics, Columbia University
Milton Kotler, Resident Fellow, Institute for Policy Studies, Washington, D.C.

Wednesday, October 4, 10:00 a.m., Room S–407, The Capitol:
Charles Abrams, Chairman, City Planning Department, Columbia University
Robert Choate, Program Associate, National Institute of Public Affairs
Edgardo Contini, Partner, Victor Gruen Associates, Los Angeles, California
Chester Hartman, Professor of Urban Planning, Harvard-MIT Joint Center for Urban Studies
William Slayton, Executive Director, Urban America, Inc., Washington, D.C.

Chairman BOLLING. This morning's panel draws upon the five contributors to part I of our compendium which is concerned with questions relating to values, goals, and priorities.

We asked this panel the following questions:

What are the goals, values, and priorities which we seek to achieve through the organization of community environments, whatever their size or character?

What functions do communities perform that are unique to them?

Is there any functional relationship between the size and density of the community and the way in which it performs its functions for those who live and work there?

Is there an optimum size of cities or an optimum environment? If so, is it possible to suggest criteria or standards by which we can measure the performance of communities of varying sizes and composition?

I regret to announce that, due to a death in his family, Dr. Lyle C. Fitch, president of the Institute of Public Administration, New York City, will not be with us.

I extend to him our sympathies and regret that he will not be here to contribute to our discussion.

We are honored, however, to have with us four distinguished experts: Percival Goodman, professor of architecture, Columbia University; Edward T. Hall, professor of anthropology, Northwestern University; Werner Z. Hirsch, professor of economics, University of California, Los Angeles; and Homer C. Wadsworth, president, Kansas City Association of Trusts and Foundations, Kansas City, Mo.

Our procedure will be to allot each of you on the panel 5 minutes to summarize your position and add anything that is brought to your

mind, and then we will proceed to pose some questions to you for discussion.

Mr. Goodman, will you lead off?

Senator JAVITS. Mr. Chairman, before we start may I say a word?

Chairman BOLLING. Senator Javits?

Senator JAVITS. Mr. Chairman, I think it is very important in starting this hearing that the reasons be stated affirmatively. The Chair has made a very fine statement and I approve of the initiative that has been taken in calling these hearings.

It is a fact, however, that aside from Presidential panels there will be an inquiry into the problems of the cities by the Government Operations Committee of the Senate of which I am a member.

There are, I gather, similar activities going on in the House of Representatives and at the very least there is that activity and then, of course, there is the Presidential Commission headed by Governor Kerner of which Mayor Lindsay is Deputy Chairman which has congressional members.

Therefore, Mr. Chairman, I suggest that if it is possible in the work of our subcommittee there ought to be a line of activity pursued which would add to the totality of knowledge. From what I have seen of the statements which are being made here I gather that there is an emphasis on the philosophic aspects of city living and the broad problems involving the relations of ethnic groups and also an emphasis, and this I hope will be much pursued, of new experimentation, and perhaps even rather radical initiatives, with respect to cities.

I think if we look over the ridge of the present mass of debris by which we are hemmed in, our hearings could be very productive.

This is rather uniquely the position of the Joint Economic Committee rather than other committees which will be more concerned with immediate causes, immediate effects and immediate action in remedies, housing and the poverty program, law enforcement, other immediate action things.

I suggest that, Mr. Chairman, because I have a deep interest. I represent a State which has the largest city in the country and in many ways the most important in respect to urban living in the world.

I am very anxious to see our hearings fit in effectively and to see that the Chair is successful in the totality of what we are undertaking.

There could be a lot of duplication, Mr. Chairman. I think if this area were emphasized, that is looking over the hill, as it were, to the road beyond, that the Joint Economic Committee could be very useful.

Chairman BOLLING. At the risk of stating the obvious I heartily agree with what the Senator from New York has said. That is exactly the intent that the chairman of this subcommittee has, not in any way bound to act at any given deadline, since we have no legislative responsibility, with an opportunity to cut through the cliches and specific commitments of people to particular approaches.

We hope that this will be both philosophical and very practical in its approach to the problems. I heartily agree with the Senator from New York.

As far as the Chair is concerned, it will be the endeavor of this subcommittee not to duplicate the work already done in some cases and underway in other cases but to complement and supplement that work.

Mr. Goodman?

STATEMENT OF PERCIVAL GOODMAN, F.A.I.A., PROFESSOR OF ARCHITECTURE, COLUMBIA UNIVERSITY

Mr. GOODMAN. I was asked to address myself to two questions. The first one was, What are the goals, values, priorities which we seek to achieve through the organization of community environments?

For the larger city, my answer to this question is, Skip it, forget it. I am a New Yorker and I have lived in New York all my life and I have been involved as a practicing architect, as a community planner, with the problems of New York.

I do believe that any effort to establish mechanically or artifically community organizations is doomed to failure. It is my opinion that rather than try communitywide bases for action, what should be done is to take the ad hoc committee or task force approach. In my paper I give some of the reasons why I believe this is so.

More interesting to me is the second question which in brief says, Is there an optimum size for cities? This is a matter which has been bugging me for, lo, these 20 or 25 years. The more I have tried to find out about it the less I got to know about it.

It does appear that among organic things size is something inherent in its nature. There is a size for an elephant and a size for a mosquito and each one operates according to its size.

A city is organic only in metaphor so the question is whether in terms of city there is a size. I don't know whether there is or not but it does seem to me that a cost-benefit analysis of cities presently existent might shed some light on this particular problem.

Therefore, I recommend that we take 25—or whatever is the correct number—cities of different sizes, or metropolitan areas of different sizes, and make an analysis of them on the basis of utilitarian efficiency. We are not looking for qualitative judgments.

What we are looking for is quantitative judgments.

It seems to me that this is possible and the people I have spoken to as to the practicability of using computer technology for analyzing the information would make it a simple and probably much more short-term project than one would imagine.

My basic notion is if we want to find out whether there is an optimum size of cities, what we have to do is look at the cities and begin with this kind of analysis.

It struck me that this could be done best through the universities. If money were funded to a group of universities, say one in California, one in New York, one in the Middle West, two in the West, perhaps one in the southern parts of the country. Five, six, or seven such centers could come up in a year with a series of figures which would demonstrate that, for example, New York was a damned expensive place to live, and if you are going to have poor people it is probably a pretty expensive way to take care of poor people.

Maybe a city like Cleveland is a good size. Maybe a city like Kansas City is a good size. I do not know what that size is but I think we ought to find out about it.

Because I think it is a practical proposition, I have spoken to my colleagues at Columbia University. We have an Institute of Urban Environment which is specifically set up for the examination of a whole series of problems both in the United States and in the under-

developed countries and they think that this could come under their aegis in terms of, say, the eastern part of the United States.

I respectfully request, Mr. Chairman, that this be given consideration and I trust something will come of it.

Thank you.

Chairman BOLLING. Thank you, Mr. Goodman.

Our next witness is Edward Hall, professor of anthropology at Northwestern University.

STATEMENT OF EDWARD T. HALL, PROFESSOR OF ANTHROPOLOGY, NORTHWESTERN UNIVERSITY

Mr. HALL. Thank you, sir.

We are considering an extremely complex topic. I would like to take a lead from Senator Javits' remarks and highlight the long-range view, for it is going to take a long time to do something about the city.

It took years to get where we are now and it is going to take a long time to rectify the damage that we have done to our cities and to our environment.

There are no easy solutions. However, maybe there are some things that can be done. For example, we have not done nearly enough to exploit our successes and find out where our successes are and bring them to everybody's attention.

We must find our successes and teach them how to have babies. I am thinking now of a very small nonprofit, self-supporting center in Minneapolis that has dealt with urban problems for quite some time. The core of this place is two or three men who know and have developed a capacity for finding out where the crucial problems lie in regard to the particular people they are dealing with.

They have come up with some rather extraordinarily simple solutions such as the fact that when rural people move to town they do not know how to get around.

For example, I have been living in Chicago now for four and a half years and I still can't get around using the public transportation system.

You do simple things like teaching newcomers to the city how to apply for a job. Run them through the mill with the personnel director. We take much too much for granted about what people can do and how they can handle an urban environment.

Nor are we paying enough attention to the ones who are really making it work. As Americans we could do much worse than just simply start collecting an index that is working.

In addition we need much more involvement on the part of the people. One of the great problems that the people of the United States are facing today is the fact that they are not involved directly in what is going on.

I myself feel powerless in Illinois every time I open my door and go outside to run for exercise. I wish Senator Proxmire were here because Senator Proxmire and I share running as a form of exercise. But when a bus goes by and it fills your lungs full of carbon monoxide and hydrocarbons you really have a physical feeling of what these exhaust fumes are doing to you. Most of us just breathe with the top of our lungs and, therefore, do not get an awareness of how contaminated the air is in the cities. Nevertheless, I feel powerless as a private

citizen to do anything about these darn buses. It's a small example but a typical one.

People come in and cut down all the trees in the neighborhood so that you see a rather pathetic picture of a family standing around a tree to prevent urban renewal from cutting the tree down. That tree will be replaced—maybe—but they will replace it with something about as big as my thumb or my wrist, and this is not a replacement for that tree. Concerning trees: if you contrast New York and the environment around here, I would say that one of the reasons you do not feel as crowded in Washington as we do in some of our larger centers is because of the vegetation.

The vegetation gives you sort of an illusion of contact with nature. Mind you, it is not real; the people are under the trees but you see nature. When you remove the trees you have done something rather serious.

By removing trees to make way for automobiles we communicate that the city government really is not interested in people and living things. Therefore, how do you deal with the bureaucrat who sees only the most limited side of his job? How do you involve people in the planning process? This is something that we are going to have to consider very seriously.

There is another reason for more involvement and that is that our ethnic groups in the United States have not melded. The United States is made up of a great many different groups and I do not think it is right to impose our white, WASP, middle-class ideas of what an environment is and should be on everybody else. We have to work from the grassroots and to develop techniques by working from the grassroots so that we get everybody involved in the process of planning, educating, and governing.

How can we accomplish this end? Prizes could be offered for working solutions to problems. Start by rewarding people for good solutions and publicize the rewards and the solutions.

This could be done on different scales and at different levels—from an individual level to cities. Provide big, significant prizes. In addition, there are tax incentives. Offer incentives to the middle class to live in the city.

As you know, our cities have become places for the very rich and the very poor. This is the same situation one finds in the underdeveloped countries. It is highly unstable, as we are learning to our sorrow.

Thinking in positive creative terms, the United States must begin to pull the middle class back into town. Taxes and prizes are for the long-term but what about short-term solutions?

Looking at our cities from the point of view of what can be done right now, I think it is very important for those who feel the pressure the most, the ones who live in our ghettos, to see some action, some quick results.

You can make a great impression with a little park, or a playground. Hoving, in New York City, has provided us with some excellent models.

Clean, fast, efficient mass transportation is a must. People must be able to get in and out of the cities and around in them without undue bother or discomfort. Our transportation systems now are a disgrace. I left Bethesda this morning and it took me over an hour to get here in a car. There were only two of us in the car. Most cars

had one person. This is not efficient. It is stressful. It contaminates the atmosphere. I think there are better solutions.

Thank you.

Chairman BOLLING. Thank you.

Mr. Hirsch?

STATEMENT OF WERNER Z. HIRSCH, PROFESSOR OF ECONOMICS, AND DIRECTOR, INSTITUTE OF GOVERNMENT AND PUBLIC AFFAIRS, UNIVERSITY OF CALIFORNIA, LOS ANGELES

Mr. HIRSCH. Mr. Chairman, contrary to a common myth that today's cities are unique in posing serious problems to society, cities have posed serious problems to society for a long time. The nature of the problems may have changed—their seriousness, too—but it is only a matter of degree. Actually there have been urban problems as long as there have been cities. And the U.S. population has been predominantly urban since around 1910. However, it was only when our World War II veterans deserted the farms for the cities as they returned to civilian life that Americans were stunned with the realization that a plethora of urban problems existed, and a "metropolitan explosion" engulfed the country.

The fact that legislators, intellectuals, and other leaders in the United States were slow to recognize that America faced extremely serious urban problems is the lesser neglect. The greater neglect occurred after the seriousness of such problems as poor housing, inadequate public transportation, poverty, delinquency, poor education, low health standards, and dangerous smog conditions was recognized—and very little was done about it. That government, foundations, and private decisionmakers did not meet their responsibility in seeing that creative and purposeful research was initiated early to diagnose, plan, and tool up to solve these problems is one of the greatest American failures of the 20th century.

As a result, even if we had large sums of money available for improving urban life in America, we would not know how to spend it effectively. In many respects, this failure is unique; we have shown that we have the capability to engage in thoughtful, large-scale planning and applied research. We have done so, for instance, in our efforts to send a man to the moon. A very few years after the late President Kennedy designated the moon as an American frontier to be conquered by 1970, we very effectively began to spend $5 to $7 billion a year to advance that mission—and many officials in NASA and the U.S. Air Force claim that much more could be spent intelligently. However, because foresight was lacking yesterday, we are not in a position today to know what to do if we had an additional $10 billion each year to spend on improving our cities.

As a first step, therefore, I suggest that large funds be made available to support promising long-term research into key aspects of American urban life; and to support parallel research programs to develop planning, evaluation and monitoring systems for both existing and future urban programs.

New methods are being developed for planning and evaluating activities that should bear fruitful results in the near future. Regional account systems, one of the most promising methods, are being designed that include basic information systems and benefit-cost analyses; they

provide the decisionmaker with the kinds of vital information he needs for making wise decisions. Careful planning today can provide a large variety of beautiful and yet efficient cities tomorrow.

I would now like to turn to the question of community size in America and discuss some of the problems ocmmon to most communities, and some possible solutions to such problems.

It is clear that metropolitan America, which increased from 24 million in 1900 to 112 million in 1960, will continue to grow rapidly but at a somewhat slower pace. Perhaps it will reach about 165 million by 1975.

Strong economic and cultural forces of agglomeration have prevented urbanization from following a set pattern of forming either all large urban complexes or all small and middle-size cities. Large metropolitan complexes are created when businesses cluster together near a large labor market to minimize transportation costs and improve communications. People follow the businesses into the area to take advantage of the job opportunities thus created; and poor people migrate there because they assume that the city offers greater opportunities and may have better organized welfare services.

Small and middle-size cities are formed because some businesses find the large urban complex too expensive for them; the overhead and public services usually cost more. And some kinds of businesses are better adapted to a smaller city. Then, too, many individuals would rather live in a smaller community.

To the best of my knowledge there is no study that shows that the social costs of huge urban complexes outweigh the benefits accruing to society. Nor do we know whether urban sprawl, or balance, is socially desirable or undesirable. Why, then, should the Federal Government be concerned about the size of American cities?

The truth is that actions taken by the Federal Government have had a major effect on the size of cities in the past and will continue to do so in the future. Suppose evidence could be produced that some of our urban complexes are getting too large, unwieldy, and inefficient. Then the Federal Government should know what it can do to reduce their size.

In this event, I suggest it could contemplate two strategies: one, to produce new cities; and the other, to develop efficient and livable areas within each large urban complex.

New cities should be built about 100 miles from existing ones to prevent people from commuting to the existing center rather than developing new centers. State, local, and Federal Governments, as well as private industry, would have to coordinate their efforts to make the new cities successful.

A "New Town Corporation" might be created by the Federal Government. New cities might be encouraged by having the Federal Treasury and State government hold half the stock and profit-seeking private investors hold the other half. A Federal or State official could serve as chairman of the board.

Federal assistance might also be given in the form of long-term loans or grants matched by State funds to acquire land for new cities or to develop new cities within the old; and the Federal Government might assist in all stages of planning and development.

History provides us with clues to community growth. As densities increase in huge urban complexes, some areas are subjected to frag-

mentation and balkanization of governmental units within the existing complexes.

New incorporations might occur when residents want to seek an identity for their community or when they share a common concern for some issue. Sometimes economic forces play an important role in the decision to incorporate, the residents may want to lower the zoning restrictions to attract new industries, or desire to escape stringent planning ordinances which urban complexes inflict on unincorporated areas. In any case, there is a desire to isolate an area from the large urban complex that surrounds it.

Contrary to our experience in the private sector of the economy, very large urban governments cannot claim efficiency through scale economies. Most urban government services require relatively close geographic proximity of service units to service recipients, and this prevents efficient operation of huge service centers. And, since urban government services are labor intensive, concentration of manpower required in large government units can increase the bargaining power of labor, and thus increase costs. While it is true that there are some economies of scale, such savings can be outweighed by inefficiencies in very large governments. It appears that the greatest economies of scale accrue to a government serving from 50,000 to 100,000 people.

Large urban governments can, however, claim some efficiencies through coordinated planning for growth, saying they are better equipped to carry out a coordinated program.

Another virtue claimed for large urban complexes relates to their broad tax base and the ability to service everyone in an equal manner. However, since both income- and wealth-related taxes are used for financing urban government services, it is possible to obtain equity with regard to one or the other but not to both. Taking into account all these points, we reach conclusions similar to those reached by the Royal Commission on Local Government in Greater London, which says the optimum size of a city should be a minimum of about 100,000 inhabitants, and a maximum of about 250,000.

Although the Federal Government can do very little to prevent large cities from growing, it can take steps to induce very small governments to consolidate into more efficient governmental units. It can do this through financial incentives for local governments or by encouraging cooperative purchasing efforts or arrangements to purchase services from larger and more efficient governmental units.

The Federal Government could also take steps to promote better cooperation among governments at different levels, and to promote equity among cities through subsidies to local urban government units, as we already have done increasingly.

However, again I would like to plead for funds for research, for organized research, so that we start today to create the tools and the manpower that will give us a better chance to build a better life for urban America tomorrow.

Senator JAVITS. Mr. Chairman, as I have to leave, may I ask this witness one question?

Chairman BOLLING. Certainly.

Senator JAVITS. Mr. Hirsch, do I gather the thrust of your statement is that you like the idea of applying the model cities technique to new cities? Now this technique, you know, marshals the totality of the Federal apparatus through an expediter matched by a similar apparatus at the local level through an expediter.

Theoretically then, as I gather your view, would you apply that model cities technique to new cities which perhaps could be a collab, orative activity between government and a group of entrepreneurs-including business and residential and commercial construction?

Mr. HIRSCH. Yes, Senator.

Senator JAVITS. So that something like Reston, for example, would be a new city through a Federal model cities program and the model cities concept would not just be zeroed in on the existing city or the existing core city but would represent a new city; is that correct?

Mr. HIRSCH. That is correct. Cooperation between all four sectors; that is, State, local, and Federal Government, and private industry, has to be even greater when we seek to build a new town. We will have to create a critical mass in order to build a new city.

The reason I suggested that it be about 100 miles away from an existing metropolis is that we will fail to create a new town if it is easy to continue to work at the old place and live somewhere else. This stimulates sprawl. But to get more people to work and live in the same community we might have to go almost a hundred miles out.

Senator JAVITS. Thank you very much.

Chairman BOLLING. Thank you, Mr. Hirsch.

Mr. Wadsworth?

STATEMENT OF HOMER C. WADSWORTH, PRESIDENT, KANSAS CITY ASSOCIATION OF TRUSTS AND FOUNDATIONS, KANSAS CITY, MO.

Mr. WADSWORTH. Mr. Chairman, ladies and gentlemen, it seems to me that the best contribution I might make to the work of this committee might be to look at this question from the standpoint of the community at the end of the line, this being essentially the point of action. It is also the area to which I have been devoting most of my attention over the last 25 years.

The curious thing about the problem of dealing with cities is that one may state the most noble of purposes from a national standpoint or from a regional standpoint but unless in the doing somebody comes up with that degree of mix of private and public initiative, of encouragement for such within local communities, somehow or other we fall considerably short of that which our national programs, worthy though they are, seek to attain.

The nub of things is what happens in local communities. What I have attempted to set forth in my paper is a number of areas in which the communities of the country, diverse as they are, are singularly deficient in the facilities and the means by which to create that kind of mix.

When we speak of a community we have to think of it in two quite different ways.

On the one hand you think of the community in terms of the metropolitan area of which it is a part. That we have a jungle in our metropolitan areas in terms of the way they are governed, in terms of the variety of jurisdictions, is perfectly evident. That some form of incentive that creates unity out of this jungle and gives us the possibility of creating systems of services, whatever the field, is also evident.

Let me take a practical example I am dealing with now as a member of a school board. Our evidence from a variety of studies makes it

perfectly clear that the migration of Negroes from the South to the North has been reduced to a trickle, that in effect the problem in metropolitan areas all over this country is to find some appropriate way in which to deal equitably with all people who now live in these areas.

We anticipate, for example, in the Kansas City area, a stability which has now been achieved at roughly 20 percent of the population.

Now if you look at it without reference to how you might create a larger area of service that would make possible the movement of people into the metropolitan area as such, then you have to reckon with the consequences of maintaining the large proportion of Negroes in a community like this, contained within a small area, and representing 45 percent of the enrollment in the public school system of Kansas City, Mo., restrained from movement into other areas both by the manner in which schools are organized, with multiple districts, and also by other things that relate to fair housing and the rest.

In effect, the consequences of bottling up this kind of energy, this kind of aspiration, is perfectly obvious.

It is necessary that we think of a community not only in terms of the totality of the metropolitan area but as a workable unit at a neighborhood level, that is, roughly within walking distance of where people are, which is the fundamental fact and theory that lead to the creation of the elementary school system, in all cities in the country.

It would appear that we are going to have to take a fresh look at the school as a focal point for the fundamental health, welfare, recreation, education, and probably employment exchange services available to people within walking distance of where they live.

Secondly, since a great deal of our difficulty now comes with youngsters out of school, out of work, and with nothing to offer that anybody is willing to pay for, we are probably going to have to enlarge the role of the school to encompass supervisory responsibility and counseling assistance to youngsters from the ages of 3 to 21 on a universal basis throughout the country.

The perfect nonsense of turning kids loose, hoping that they will find their way in as complicated a society as this—a society which has very little to offer for people who are untrained—is absurd, and an invitation to disaster.

It is necessary to note what people who operate within our communities confront. What they confront essentially is an enormous range of Federal services each of which must be looked at in terms of whether it can be twisted and turned in such a way as to meet a local condition.

For example, a number of us, now seeking to build a new medical school, are dealing with some 30-odd Federal programs. Yet some of the major things with which we really need assistance are missing.

What I would suggest here, only briefly because it is a large subject, is that we have to face honestly the possibility of decentralizing a very considerable part of the Federal effort, not by passing it to the States which offer old problems for which the cities haven't very good answers, but largely through giving larger discretionary powers to Federal regional offices that work with the communities and in many instances are thoroughly knowledgeable about local conditions.

Briefly, the missing links as I would view it from the standpoint of the local communities of this country, are the following: first, some organized instruments that are engaged continuously in research

and development, and with a responsibility to look at the community at large.

Most R. & D. in the social sciences and in the behavioral sciences is on an ad hoc basis, and in terms of highly specific areas.

The larger problems are nobody's responsibility. Neither are we training the kind of people capable of dealing at local levels with the kinds of problems involved.

Secondly, one of the great jobs of this generation, in my opinion, is in the stimulus of social planning commissions that will function in the social field much in the same way that city planning commissions have functioned in the area of physical planning.

I would not suggest that this is a way to solve all the problems. It is at least a way to expose them. It is at least a way in which the local community can come to a consensus about what it is willing to support. Lacking local support, and local initiative, the finest of plans, in my judgment, will continue to founder.

Moreover, I don't think, short of the development of some form of social planning in local areas and with a large part of the financing thereof locally supplied, it will be possible to develop the systems of service that my colleagues have indicated are so necessary and which our present technology makes possible.

Let me here give you one simple example. We are in the midst of a revolution, as I think most of you are entirely aware, in the manner in which we serve people who are sick and disabled. This is made possible by the entry of the Government into third-party payer systems, through insurance as it finds its application in medicare and medicaid.

Now the singular fact is that there is not a community in America that has a system of medical service. What it has in medicine is a collection of institutions of various kinds, some of them very good, some of them very poor and often in the same community.

Once you have reached the point where you have taken the responsibility of providing medical care and have looked at the potentialities of preventive service, then it becomes necessary to create out of that jumble some kind of system.

In order to create some kind of system you have to have some kind of base and some kind of instrument. This is what we haven't got in medicine, nor do we have it in any of the other areas, nor do we have the basis on which to suggest the points of interrelationship.

The singular fact is that the people who are the main burden in the local community of its welfare system are also the main burden of the community in its health system and also are the special problems that are presented to those who operate the school system. We lack the means by which we look at these matters in terms of the interplay, the interrelationship of these people, these problems. Most disasters we encourage by such inefficiencies.

Thank you, Mr. Chairman.

Chairman BOLLING. Thank you, Mr. Wadsworth.

The Chair would like to say how he proposes to operate unless there is violent objection the hearings from the point that the principals have made their statements. In this kind of inquiry I find that the 10-minute rule is a rather silly approach because this is an attempt, not to see to it that everybody has his time, but an attempt to see to

it all the thoughts that are made available are put on the table and in the record.

What I propose to do is to recognize between the minority and the majority alternately until everybody is finished, with the obvious understanding that no member will impose brutally on the committee or the audience by continuing forever.

I will recognize first Senator Percy, to proceed as he wishes.

Senator PERCY. Mr. Chairman, I first would like to say how much I am looking forward to these hearings. The concept of them is important. We are dealing with a most urgent problem, and should do so in an atmosphere not permeated with a specific crisis, looking well ahead.

All I have seen the Government do is deal with the immediately urgent and never with the ultimately important, and this is really what we should try to do.

I would very much appreciate an analysis by any of our experts on a correlation that I see, the difference I see, in the development of European cities and American cities.

I am constantly struck, going back and forth to Europe, by cities far older than our cities that are becoming increasingly more pleasant places to live than American cities.

We come from roughly the same roots and heritage. My city of Chicago, though it is not the largest city—we call ourselves the second city—is made up of European communities, third and fourth generation now. I recently asked a professor from the University of Chicago on sabbatical in London how he liked living there. The first thing he could think of was that for the first time he could remember he and his children and wife could roam the streets at night. His children could go downtown in the heart of London and come back without escorts. They have never been able to do that in the city of Chicago on the South Side.

Transportation seems to be a little better although London is terrible from an automotive standpoint, but trains are a little bit better. Life seems to be better.

I was terribly struck, after spending a whole day with John Lindsay in New York, 5 or 6 hours, touring on a Sunday afternoon, at the way by Sunday night the city had just gone to seed—papers, trash, garbage every place. It made John ill.

He said:

> You can keep it picked up through Friday night. We go half crew on Saturdays and it starts to run down. We don't have crews working on Sunday. It seems to go. Monday you have to take the whole trash barrel of the city and pick it up again.

The next Sunday I was in Spain. I went through city after city, perfectly meticulous in their cleanliness and in the beauty of their parks. People seem to discipline themselves.

What has gone wrong in this country that we have lost self-discipline and the ability to administer our cities and make them pleasant places to live when in Europe they can make them much more pleasant places?

Chairman BOLLING. Who would like to start on that?

Mr. GOODMAN. I would like to say in answer to Senator Percy's comments as to why European cities are better than American cities, it seems to me there are several things. May I preface by saying that

I went to school in Paris and lived there 5 years and have lived a great deal in London and some in Rome.

So I am fairly familiar with the European city. The problem in America, it seems to me, is essentially that we were frontiersmen and we used up the land and when it got used up we moved on. This kind of attitude has existed, I think, as an important psychological aspect in our cities.

Now we have in America developed a high technology. We developed the automobile. We brought the automobile into a kind of way of doing that the Europeans didn't. In terms of the consumer society we in America are the consumer society, the throwaway society.

Now patently if you wrap up a toothbrush in eight separate wrappings, something has to happen to those wrappings. If you buy a loaf of bread in Paris, for example, you get a loaf of bread, you don't get it in a paper carton and then in a paper bag and so on.

So what do you do with all of the wastepaper that the manufacturers make a profit out of wrapping around the objects?

One of the things you do with them I saw last Sunday. We were driving back from our place in East Hampton and stopped along the road because our little niece, Daisey, wanted something to eat; my wife had put it in the car so she could have it. We pulled up at a so-called rest area. When I took one look at the rest area I did not want anything to eat. It was littered with tin cans, it was littered with—well, it was the picnic by the polluted stream that Galbraith has written about.

In front of us was a car. In this car was a gentleman of about 50 years old and his wife about the same age, and they ate a sandwich. When they finished eating they threw the wrappings down. I got very angry. I went up to him. I said, "Did you throw those wrappings down?" "Yes, I threw the wrappings down."

"Why did you do it?" He pointed and said, "Everybody does it." This is, of course, essentially an American attitude.

My recent experience in European cities is a pretty horrendous one. I as an architect cannot see the base of any building. If I want to make a sketch of it I have to use my imagination. If I take a photograph, I can't see it because the cars are parked there.

When I see the development in France, which is my, so to speak, second country, I see exactly what is happening in America happening there. If you drive through the roads of France you will stop off for a picnic and all the places that are possible for a picnic are littered with trash, with cans, with everything else—just like home. It is part of the throwaway society, part of our modern technology. We must learn to cope with it.

I do not think the Europeans are doing all that well.

The Dutch, the northerners, the Scandinavians, seem naturally neat people. This is not necessarily a characteristic when it comes to people further south, say, than Copenhagen.

It does appear to me that when people come from Puerto Rico they are accustomed, in a rural environment, to chuck things out; if you come from the Mississippi Delta you do not worry too much about the trash collecting.

Patently, when they come to a place like New York they keep their same habits. I am sure some of you are familiar with the term "airlift." What airlift means is if you live in a tenement house on the fifth

floor and you want to get rid of some garbage you put it in a paper bag and drop it out of the window. That is what happens in our New York Puerto Rican neighborhoods.

Senator PERCY. You do not always put it in a paper bag.

Mr. GOODMAN. Right. There is not much to be done about it when there are five flights of stairs to walk plus the custom that prevails.

Mr. HALL. I agree with the Senator. Mrs. Hall and I have had the same experience. It is really great to be able to leave your home or hotel and simply walk around. This is a different problem than the one Mr. Goodman addressed himself to, however; our cities are no longer safe and this exasperates crowding, and that is where the danger lies.

Until we can make cities safe, we are courting long-range disaster which will affect our children and our grandchildren.

Senator PERCY. Is this an effect of the fast pace of society and is Europe learning from us also how to have cities filled with crime and violence as well as the picnic refuse, or have they found a basic approach to this problem that we can discover from them?

Mr. HALL. I think there are things we can learn from abroad. Success is everywhere all around the world. Whether we will put up with less than adequate solutions or not is something else again. We must make up our minds what kind of world we want to live in.

As you all know, in many parts of Europe the police keep track of people. This can be both good and bad. Their police system is more entrenched than our own. However, they have managed to loosen things up somewhat and apparently still keep the cities reasonably safe.

In Europe they do not move around as much as we do. Your neighborhoods are more stable. Recently, in the United States, we have destroyed systematically a great many stable neighborhoods.

We have done this with urban renewal, elevated highways, superbuildings, and urban universities.

In Boston's West End, they destroyed a viable, urban village.

In these villages or neighborhoods you are safe. It is where you get a highly transient mix that there are problems, as well as in the very overcrowded, unstable ghettos.

Mr. HIRSCH. I came back last night from a 2½-week lecture and learning tour in Scandinavia and England. Scandinavia has many problems with its cities.

I had the good fortune of being taken on a tour by the city architect of one of Sweden's great cities, for half a day, and shown new housing developments, including 4,000- and 5,000-family multidwelling unit developments and dreadfully monotonous and yet very expensive single dwelling unit developments.

I reached the tentative conclusion that while Scandinavia, for example, has been extremely successful in equalizing income and raising income levels there is very little that the citizen can do with these funds if he values housing. Housing is poor, scarce, and furthermore, there is extremely little choice. There has not been a sense of community created in many of these huge modern, sterile housing developments.

On the positive side, I think we all are thrilled to walk through Paris and London and enjoy their parks. It is a quirk of history that the Crown owned a lot of land in what now is Greater London, and

as a result we have these spacious, beautiful parks all over London.

Juvenile delinquency appears on the increase in Sweden at the moment. I was told by many people that in these new housing developments bicycles are often stolen.

The housing stock of London is so inferior to ours that really there is no comparison in terms of living conditions.

I was much impressed by the ability of the Swedes to use sub rosa techniques to acquire land in order to build new housing developments. They have, as a result, greatly cut the period of an urban development or redevelopment project, possibly by a factor of two or three.

Senator PERCY. Mr. Chairman, I have two other questions btu I would like to yield my time to Mrs. Griffiths so that we can alternate back and forth a little bit.

Chairman BOLLING. Mrs. Griffiths?

Representative GRIFFITHS. At the risk of being tried for heresy I would like to raise the question now of the safety of parks.

I have observed some parks within my own district. One of them is large and beautiful. At the present time it is not used at all by the people who live closest to it. It has become in fact a place where criminals gather.

On the other hand, there are three rather small parks in my district where there is hardly standing room for people. There are tennis courts, shaded areas, and people go there.

Personally, I would be willing to sell that large park to a developer, put houses there if they kept some of the land. What I think we need are some open spaces within the city limits.

In the city of Detroit, Grand Boulevard circles the city from the river to the river. There is not a single acre except the school grounds for children to play. It seems to me that what we need when houses go up for sale is to have them purchased and torn down and give kids a place to play. Smaller places more frequently would, it seems to me, be better than such large ones that are so hard to patrol.

Mr. GOODMAN. I would like to comment from the point of view of New York City where we have Central Park in Manhattan and Prospect Park in Brooklyn.

There is a difference between a large park and a small park. The small park is a place for playing tennis, playing handball, babysitting, and this kind of thing. For the city to have a large park, a place where you really have a touch of wilderness, which was the genial step that Olmstead took in the design of Central Park, was something else again.

Central Park has suffered from safety difficulties that you have spoken of in regard to the large park and it still suffers from it.

On the other hand, under the Lindsay administration, with Hoving coming in, we had a very bright lad indeed, in thinking up gadgets and gimmicks and fun things, the park changed its character. Because there are a lot of people going there, because there are things that do occur, the park is becoming increasingly safe.

I live within 150 feet of the park and I have, myself, seen this over the last—well, since Hoving really got his feet into that park. I think that is the answer.

Representative GRIFFITHS. I might say the park I am speaking of is not Detroit's main park. Detroit has a park in the middle of the river between Canada and Michigan which is one of the most beautiful of all municipal parks in this country, where you can go and fish and people do go and fish or you can go and ride or do whatever you choose.

But this park is quite large that I am speaking of and quite unsafe and is not at all used by the community that surrounds it.

Mr. HALL. I would like to point to another success in New York. That is Reese Plaza. It is not enough just to have a park. You do have to involve the people and the architects and create something for people. It's not a matter of space alone. The space that Reese Plaza was built in was already there but it was sterile. At Reese they built a series of outdoor rooms and spaces in which different things happened. It is so successful, that more of them will have to be made to make room for the people who come from outside the area.

When a house is torn down, make it into a park, but involve an architect or planner or somebody with some creative ideas who can mobilize the people so that you get something going. This would make an awful lot of difference to people.

Mr. WADSWORTH. May I make a comment on this, Mrs. Griffiths, having served at one time as director of a park and recreation system in Pittsburgh.

I think one of the difficulties here has been that no one who has ever worked in this field has had sufficient control over matters, that by their nature are interrelated, to effect that kind of development that is subject to good management, subject to control.

As someone has indicated, most of our park spaces in this country were created either by accident or generosity. Parks are something we tend to think about after the fact. There is no doubt about the value of a functionally small neighborhood park that is integrally related to where people live, frequently associated with the school so that you get a year-round style of operation. I suspect the larger park developments, many which ought to be maintained in a much more natural state, are things that we ought to be looking for in the metropolitan areas of cities, taking account of the fact that we do live in a highly mobile age and that the automobile and, hopefully, some day mass transportation, brings such facilities within the reach of all people.

I think probably, Senator, the most successful work in this regard any place in this country has been done in Cook County, Ill. The vision and intelligence that created the park preserve that surrounds Chicago corresponds to many of the things that have been done in the greenbelt areas around London.

This suggests to me that one of our lost opportunities—I hope it is not totally lost—is the desirability of some means through Federal assistance and local effort to create land banks in metropolitan areas. It should not be necessary to commit ourselves from now until the end of eternity on use, but to have such available for coordinated development of housing and of schools and of park and recreation services and the like.

We have just about missed this opportunity on the outskirts of cities, although it is not totally lost as yet. But I would tend to agree with you the large park within the city offers many more problems unless it is so developed as to have highly specialized functions, zoos, things of this character, that do lend themselves to control.

Chairman BOLLING. Senator Percy?

Senator PERCY. Mr. Wadsworth, I was in Kansas City, Mo., Saturday, in connection with a nonpolitical $100 Republican dinner.

Chairman BOLLING. That was truly nonpolitical.

Senator PERCY. I made a very brief visit out to the Negro community. I was rather struck with my superficial observations that it was cleaner, better cared for, considerably superior to any of the Negro ghetto areas that we have in Chicago.

I wonder if you can tell us, you have a 20-percent population, what are the characteristics that seem to mean that there is a greater sense of community pride? Maybe I was just steered to these neighborhoods on this tour, but relatively speaking, it seemed to be much better.

Where does that community pride come from? There seemed to be more individual homeownership, for instance, than I had ever observed before in most urban areas.

Can you give us a little feeling as to why that community is so much better taken care of? They migrated essentially from the same areas. What has happened in Kansas City that has not happened in Harlem and certainly has not happened in the South and West sides of Chicago?

Mr. WADSWORTH. In order to avoid the chamber of commerce approach to this subject let me say that some of these things are really an index of size and of age. You have to be around a long time to accumulate a very large, nasty ghetto, and Kansas City has not been around as long as St. Louis, and Chicago. Neither is it of the size to produce large ghettos.

I think on the other hand it can be said, and I think very hopefully, that the rapidity with which the Negro community in Kansas City is becoming overwhelmingly a middle-class community, with middle-class aspirations that are no different than mine, Congressman Bolling's, or anybody else who lives in that part of the world, is an encouraging thing.

It is a community that has accepted public accommodations on a record vote.

Chairman BOLLING. By a very narrow margin.

Mr. WADSWORTH. Unhappily so, but it did accept it. It is a community that struggled with the creation of a viable school system that offers assistance and opportunity to Negro citizens. A pretty substantial number now serve in the administrative and top layer of the school system.

But there is no magic to proper community development. All cities, including my own, have poor sections. I think, Senator, if I were to take you on a tour of Kansas City I could show you some pretty bad spots, too. By and large, I think we rather gain from our size.

There are some things that social scientists should acknowledge. One is that they can do certain things in an area of a given size that at the moment they are unable to do or do competently in larger areas.

When you talk about optimum size of cities, I know, for example, by comparison with my colleagues in St. Louis there are things that we can do—channels of communication and so on—that are possible, that are manageable, in a city that has a metropolitan area of a little over a million, that are not just doubled when you look at St. Louis. They are out of sight. This is a problem.

Senator PERCY. Is there a higher incidence of homeownership?

Mr. WADSWORTH. Yes; there is.

Senator PERCY. When I went through Bedford-Stuyvesant there were two streets, a block apart. We went up one and it was one of the worst trash basins I have ever seen. It was just awful. Broken glass, bottles, and everything all around.

We turned a corner and came back by the other street and it was like a different city, day and night—lawns, trees had been planted, homes cared for.

I said, "What is the difference?"

"It just happens," the mayor said, "this area has 70-percent ownership and they discipline the other 30. You rent in this part of the city and the discipline of the community is placed upon you if you do not take care of your house. The others won't stand for your not caring for it." It seemed like all the difference in the world.

This is why I have been so encouraged to feel that maybe what has to happen to create stability in the sense of being and belonging is ownership of homes, apartments, condominiums for low-income people, and ownership of business so they don't feel exploited.

I don't think they will throw bricks through their own windows. Until such time as that American dream is possible—everyone wants his own home, they have that aspiration, low income as well as high income—I don't see how we are going to solve this problem.

One last question, Mr. Chairman, and you are very generous with your time. You are a model of restraint for a chairman. We can't break these cities up into a hundred thousand units. They are in the millions now.

Is it conceivable that we should try to find a way to make neighborhoods, let us say 30 neighborhoods in Chicago, to give them more autonomy, give them a sense of being, a sense of belonging, and create this community spirit which will not then just identify itself with this massive city in which you can't get anything done, the problems are too big, but in a community they can do something about it, like the Woodlawn organization, the West Side organization. Is this what should be encouraged and developed to the greatest possible extent? We have legislation in now on a housing bill to stimulate and create community development in the sense of pride in a community.

Are we aiming in the right direction?

Mr. HIRSCH. In a sense this was the implementation phase of the Royal Commission's report in London because it changed the size of units to boroughs of 100,000 to 250,000 each with a city hall, and so forth.

We could attempt to create, on the governmental level as well as on the community service and school activity level, units that would be smaller, would create a feeling of community, and would produce what we might call the old townhall atmosphere.

There are creative steps to be taken. How do you translate a subsidiary city hall into something that really means something to the people and to the politician?

Senator PERCY. I did visit one of the little city halls in New York. I went through their card files. I stood there as people came in, talked to the director of it. It seemed to serve the same purpose or administration that the 24 subdivision neighborhood campaign offices did in my political campaign.

Suddenly I became identified with Lakeview, with Woodlawn, whatever it may be, and people poured in there. They didn't have the slightest interest in going to a downtown campaign headquarters.

If you thought enough of them to set up a headquarters there, then they started to hear you. I thought Mayor Lindsay's approach in wanting to develop little city halls across New York in the five boroughs was a remarkable idea. He has gotten only three and the

rest were all turned down and not funded but I hope he will press forward and I hope the opposition he faces there will see the light that this is an enlightened approach to city management.

I take it that all of you would agree this is fundamentally a good, sound idea.

Mr. GOODMAN. Could I say a word on that?

This idea was broached first in 1936 by Stanley Isaacs, who was Republican councilman or assemblyman, I have forgotten his title. In New York over the years this recommendation has come up again and again. Of course, Mayor Lindsay has had no end of problems with his neighborhood city halls because Tammany says they are political clubs for the Republican Party or Mayor Lindsay's party, if that is the Republican Party.

I find, myself, that the Republican Party is a very peculiar thing because I have always been a Democrat——

Senator PERCY. I find the same about the opposition party.

Mr. GOODMAN. Being a Democrat I find it difficult today to answer when I'm asked, "Which kind of Democrat are you?" Nowadays, I am one kind of Republican and one kind of Democrat. As it turns out most Americans are in the same situation at the present time.

There has been great opposition, of course, by Tammany Hall to the neighborhood city halls. The main problem that I have found in recent years with the notion of the neighborhood city halls is that there is no neighborhood because of out-and-in migration.

Last year we made a study of the South Bronx in New York. The South Bronx, according to the 1960 census, had a 30 percent Negro population. In 1967, as far as anyone knows, and, of course, no one really knows, it has about a 90 percent Negro-Puerto Rican population.

Now then, where is the neighborhood? What is one talking about? Because the South Bronx has developed as it has, becoming slummier and slummier, it has the highest narcotic addict rate in New York, which is saying something. It has more prostitutes, more juvenile delinquency than Harlem or any other part of the city. It spreads—

The middle class is moving from the northerly part of the Bronx farther and farther out and you have the South Bronx pattern repeated. You don't know quite what you are talking about, it seems, when you say, "Let us have a community organization centered around a city hall." In Paris we have a series of arrondissements; each one has its city hall and there is a mayor. These places fill important functions. In France you have to be married civilly before you are married religiously, for example. The place then becomes filled with rice as the bride walks down the steps after having been married. It makes it a fun place, except you pay a whole series of local taxes there.

Yet, the notion of someone going down to city hall or the municipal building to do something which he could very well do within walking distance of his home is ridiculous.

In principle, the neighborhood city hall is a great idea but with the mobility of population—I speak only of New York here, I don't know enough about other cities—it is very difficult to know on what you base the notion, unless hopefully the population is stabilized.

Mr. WADSWORTH. Senator Percy, one comment I would like to make on this, and perhaps Professor Hirsch who knows more about it

might wish to add to it, I think we overlook an important finding that Professor Vernon at Harvard turned up in a famous study he did in New York some years ago which indicated that a given volume of public investment in an area induces corresponding investment privately in terms of housing, in terms of commercial development. and so on.

What this brings to my mind is the following: If you take a look at any neighborhood in America, what we tend to do with investment, as we did with many other things, is fragment it.

I sit on a school board. We have money to acquire land to build a new school. We know if we can acquire 10 to 30 acres we can exercise an influence on that neighborhood from an economic as well as other points of view, create a parklike style of setting, exercise esthetically some influence on the people that we serve, bring other things in that can be thus encouraged.

Yet all the economic pressures upon us are to hold to as small a land parcel as possible, even though the welfare people are combing the same neighborhood for a place to put an office, and the health people are seeking to keep emergency rooms at city general hospitals down by constructing neighborhood clinics.

Similarly, recreation facilities as such tend again to be operated under separate jurisdictions. What it brings to mind is the potentiality of some kind of incentive that encourages related forms of local effort to combine their services.

For example, Congressman Bolling, let us suppose we took an area such as the area from 18th Street south in Kansas City. Instead of putting a school on a 5-acre site, as we are currently doing with an elementary school, we might acquire 30 acres, develop the variety of services needed, create a working relationship with the people who live there to give them a responsible and important voice so that they come to learn from their own experience something of the inner relationship of these things, I think both from an economist's point of view and from the standpoint of community well-being you have the potentiality neighborhoodwise of getting a solid enough base to do other things.

Now we have seen it in other areas. For example, we now know from the promotion of a new medical school built around a general hospital that a private corporation taking a look at what is to be put in that slum area eligible for renewal has committed itself to a $100 million private development on adjoining land. One thing feeds the other.

I think this is true in all city neighborhoods and I think it is an unexplored area we need to give attention.

Chairman BOLLING. Gentlemen, I want to be sure I have understood what I have heard. I get the impression that all of you agree, that we have not applied an adequate amount of research to the problem that we are talking about. There does not seem to be any disagreement on that.

There also seems to be, from your testimony, an indication that we need a much more coordinated and planned type of research. At the same time I gather, not so much from what you have said but from the way you have looked on occasion, that you agree that it is feasible that at the same time we have this much more substantial amount of coordinated and well planned research, at the same time we need a great deal more of the kind of things that Mr. Wadsworth

has primarily addressed himself to, the doing in the urgent areas based on what we know already but that doing, in effect, within a much broader set of approaches than perhaps has been taken in the past by the Federal Government in the legislation that it has been responsible for.

What I would like to do in the time that I have as a questioner is to see where you disagree with what you have said in your papers, with each other, and what the sharp points of disagreement are, if any. If there is an agreement among people from as diverse experience as one might say in disciplines as yours are, we have done too well in picking people with a broad gage because you all understand too well the problems of the other.

I would hope that there was some disagreement and some conflict at least in major detail, if not in major broad brush.

I thought I detected some which I will pinpoint if I have to, but I hope I don't have to.

Mr. GOODMAN. I think you ought to pinpoint it.

Chairman BOLLING. All right, I thought there was a difference in view between the positive relationship of density to social disturbance. I thought there might very well be a difference in view as to the ability to face the problems of mixed groups, of areas in which there were a variety of ethnic groups adjacent to each other, if not mixed, and the need for compartmentalizing and accepting differences more than has been at least the jargon of the progressive in the United States.

I know that for years, as a relatively old Congressman but still not aged, that I have heard from the liberal the point that there really is no difference between one group and another group, and I think that constant repetition of this fundamental fact, there is no difference between one human being and another human being in their humanity, but there is a difference between one ethnic group and another ethnic group, clearly has made it much more difficult to face the problems that we have in the cities.

It seems to me that there has been at least a sign of some disagreement on the density question, on the question of whether we should not face up to the fact that there is a substantial difference between a Puerto Rican ethnic approach and an American Negro from the South's ethnic approach to a city.

I see at least one person nodding his head.

Mr. GOODMAN. I don't think I am the right one to answer that. I think Mr. Hall has certain things to say about density. At least he has said them in the past. Just to take the density matter, what struck me is that a place like Watts, for example, is not dense at all. Yet there was a very substantial disturbance there.

There was a substantial disturbance in parts of Detroit, which, from a New York standard or Chicago standard is certainly not dense.

I think density is a bad thing and it has been demonstrated to be a bad thing. Yet in Hong Kong the housing standard is 35 square feet per person. You know, people seem to accommodate themselves in the way that, say, automobiles don't seem to accommodate themselves. The difference between ethnic groups it seems to me perfectly patent.

If I were a Puerto Rican, let us say, with a Spanish language of my own and a whole set of customs which are based on the tropical

climate of San Juan, and I come to New York, I find myself in a very different situation from the kind of thing I was brought up in, and the stresses and strains developed by this change must be really enormous.

I do not want to accommodate to this miserable climate that we have in New York most of the time; I am dreaming of that beautiful climate in Puerto Rico.

When a Negro comes, let us say, from the Mississippi Delta, and he always had the open land around, suddenly he is cooped up in an apartment with six other families that should not have one family in it, obviously stresses develop.

In America, as you know, the poor white in the South looks down at the poor Negro because he feels someone must be beneath him to bolster his self-respect.

In the same sense I find in New York many of our Negro people look down at the Puerto Rican because, damn it, they have to look down at somebody.

Now the Puerto Rican being a rather more fluid type and having a better background in Puerto Rico, is not offended—except when there are gang fights.

So if differences in the ethnic composition is something that is hereditary, which I doubt, or just a matter of time as when the Irish came to this country, the Russians, or Jews, or what have you, each one accommodated in time and got along.

Mr. HALL. Ethnic groups differ. The important differences are not the kind of things that they can talk about because these differences function out of awareness. The differences I am thinking of are in such things as tone of voice and recognizing whether another person is angry or not—how their temper is escalating.

I used to eat in a Swedish boarding house. The woman who ran it was the mother of a friend of mine, a schoolmate. I knew that she was a tremendous, loving person, but she never sounded that way. She always sounded brusk to me.

Recently I have been working with Negroes in Chicago, and one of the things we have discovered is that listening behavior is different. This is a very small thing, but you can see how important it could be if you are dealing with someone who really does not realize or is willing to admit that there are ethnic differences.

For lower class Negroes, how you show that you are listening is quite different than it is for whites—middle class whites.

Mr. GOODMAN. How about middle class Negroes?

Mr. HALL. I don't know. I am being rather specific now because for the group I have been working with you don't have to make a special point of showing that you are listening. This can cause problems in school. A white teacher with a Negro kid says, "Johnny, when I talk, you listen." He is listening all right, but he is listening with his ears. He does not have to go through all of this monkeybusiness that whites do, shaking or nodding his head, and all this kind of business, to show that he is listening.

Listening behavior differs all over the world, and is one of the greatest sources of what we call alienation between ethnic groups you can find. This happens even between ourselves and the English. For example, a friend of mine during World War II once asked, "How in the blankety blankety do you know when the English are listening?" He was talking about upper class English in this case.

I said, "I don't know, but maybe I can find out." Five years later I did get the answer. It is in the eye blink. Being able to recognize listening cues is important. If you do not know if the other fellow is tuned in or not, you don't know whether you are getting through or not. It is that kind of difference that causes the kind of problems that a great many of my more liberal friends try to deny.

These differences are here and we really do need to know more about this kind, the nitty gritty, of human relationships between people.

Chairman BOLLING. What, Mr. Hall, do you think is the lifespan of a culture?

Let me define it more precisely. I do not even know if there has been much work done on it. Probably a good deal more than I am aware of. But let us take the Puerto Rican who comes from a certain climate. He comes with a very definite culture which is remarkably different from that of either the American Negro or the American middle class. It is a new culture really, and I don't think it is much different from the culture that comes from the other direction, from Mexico. What is the lifespan of that culture? Do we know anything about how long a group will keep this particular set of cultural patterns?

I talked to a man the other day who spent a little time in Vietnam. He describes how the Vietnamese, the basic Vietnamese, who suffered occupation for many—not generations—but for many hundreds of years, were so stubborn in resisting change that they continued to cook their rice in precisely the same way, which was different from the invader and conqueror, over the whole period.

So in some aspects culture has a life of its own for a very long time.

What I am curious about and obviously getting at is how do you feel, once you have developed an awareness of, which God knows the society does not have, of the differences, certainly the politician does not have really, of the differences in these cultures which may be adjacent in an urban area; how do you begin to approach this problem?

Is it a problem of adaptation between cultures, adaptation of the society to the culture, a mix?

Mr. HALL. It is not only the spoken language. It is the entire language of behavior, handling of materials, tone of voice, dress, handling of space, everything. This takes three generations to change on the individual level.

Given a family, if the cultural distance is great, a period of three generations seems to be the minimum time.

For example, I have studied Americans who were successful in Japan, the ones who feel that they can really begin to ask the right questions about Japanese culture, and I haven't found one yet that was not a three-generation person. I have watched this process all over the world and I am referring to the isolated family or person in the middle of an indigenous group. On the other hand, when you get an ethnic enclave that is solid and cohesive, generations can go by before much changes takes place.

There is a very interesting point here, however. In the West End study in Boston, they found a kind of urban village which I think is a partial answer to your question, and is one of the reasons why it can be disastrous to destroy ethnic enclaves which are enculturating devices. People come in at the bottom as Italian villagers and they are shot out at the top, suburban processed American middle class. This also

took about three generations. So, no matter how you look at it, we are working with at least a three-generation proposition here.

Chairman BOLLING. Is there any indication at all, before some of the rest of you go on, that our suburbs are a success?

Mr. GOODMAN. I would like to say one word in disagreement with Mr. Hall's comment because I, as a New Yorker, have had ample opportunity to study immigrant people. I am Jewish. My wife's parents came to this country from Rumania and from Russia, respectively. They are completely Americanized; though they came when they were 8 and 9 years old, their children are as completely American as apple pie.

I would, therefore, doubt the three-generation span.

Chairman BOLLING. Any further comment on this?

Mr. WADSWORTH. I would like to make a brief comment. I suspect with some groups the problem is finding some way in which to define who they are and where they come from. That is to say, all of the pressures in human relations are toward getting along with one another and so on, but the practical matter is that most people are much more comfortable in their relations with other people if they know who they are.

I think probably one of our deficiencies in public schools, for example, is that we have not made a conscious, systematic effort to enlighten minority children, particularly Negroes and Puerto Ricans, "This is who you are, where you came from, and what your people have accomplished, and these are the roles they have played in human life and have played for many centuries." This is something we need to look at.

There is a very interesting project along these lines in the San Francisco school system that is just beginning to take shape through which youngsters, Chinese youngsters, Japanese youngsters, Negro, so on, have a separate period of time reserved during the week when as a segregated unit they are involved in having a look at who they are, where they came from. This is not to offset the necessity and importance of integration, but simply to give them a better sense of things. I think it deserves a look.

It has been done out there by a Miss Sussna, and is supported by the Rosenberg Foundation. It looks very promising indeed. I think it makes some sense. I would be interested in Professor Hall's judgment on this because he is more competent to judge than I.

Mr. HALL. I think this is very important. You have to give the people a feeling of the reality of their own life and their own communication systems, the reality and strength of it.

We have in the Navajo Indians a very good example of the kind of thing you were talking about, Mr. Wadsworth. The experimental school at Rough Rock in Arizona.

In this particular experiment the school was turned over to the community. The community chooses the principal and determines the curriculum.

They are teaching English and Navajo. They teach the middleclass American way and then they turn right around and they go on the other side of the room and they teach the Navajo way.

This is important because the Navajo culture is going down the drain very fast. The Navajos have the feeling that they are losing something, something which is valuable and something which is meaningful to them.

Mr. GOODMAN. The Navajo feels this?

Mr. HALL. The Navajo feels this. There is very little to be gained and a lot to be lost in homogenization. It is in diversity and appreciation of diversity that the tremendous strength of this country lies because we have been able to capitalize on our diversity. I simply do not agree that culture is so simple that you can put it on like a suit and then take off again. It goes much deeper than that.

Chairman BOLLING. Senator Percy?

Senator PERCY. I have no further questions, Mr. Chairman.

Chairman BOLLING. I do. This seems to raise a question of time. I think it is a question of putting it in general and more specific terms. It does raise a disagreement, if there be one, between the equality under the law and equality in the eyes of all citizens as an American as opposed to an understanding of the vast differences that exist among Americans from a cultural point of view which is only pertinent in that our experiments in our cities in our efforts to make our society a better one and a more pleasant one can only succeed in terms of the realities of the approach that we as politicians make, policymakers make.

What is the time problem, Dr. Hall? How do you relate what you feel? I think correctly, I agree with you on the importance of the culture, to the problem that Mr. Wadsworth has as, I guess—are you the president of the school board now?

Mr. WADSWORTH. I have just relinquished it. I am still a school board member.

Chairman BOLLING. He has been on and off the School Board of Kansas City for many years, and many of the things that have been good have been at least in part the result of his foresight.

How do you relate—and this is a very practical question that I address to all of you—how do you relate the need for doing a much better job of planning our program on the basis of knowledge rather than guesswork?

One of the reasons I got interested in this years ago is that I worked on housing in the Committee on Banking and Currency and thought we were wholly inadequate in our approach there. It has proved out that our planning was very bad.

How do we relate the need for speed to the need for greater knowledge before we make plans? This is the thing that disturbs me, and this is really the thing that I am trying to find out in this stage of these particular hearings.

Mr. GOODMAN. It seems to me in principle that if you have an urgent need, then you solve that on an interim basis. You have to solve it, if it is not good. You realize it may have to be torn down. He's a finger in the dike. There is an urgent need, therefore you have to establish the logistics of the urgent need and satisfy that. Everything else should be done on another kind of basis. Interim solutions should be a holding operation.

The holding operation I feel is one that we ought to be engaging in much more than we are interested in doing. We like to dash full speed ahead and do a job. Suddenly we realize we don't know how to do the job.

Taking the simplest matters, you, Mr. Chairman, have served on housing committees and I don't know whether you have actually examined into FHA standards and this kind of thing. What we do in terms of public housing is that we take some kind of middle-class

standard which is then reduced because we don't have the money for the real middle-class standard, and we apply that to the housing.

Now what kind of solution is this? Is this the way people in fact want to live? A concrete example I could take from my own household. My children wanted to leave home when they were 14 years old. We had a very amiable household but very permissive. They felt that if they could be out somewhere with their own kind rather than with the adults, they would be better off. It may be, in our present time, with what I believe is the breakup of the family pattern, that a totally new kind of housing concept must come into being. What do we do about that?

I live in eight rooms, in an apartment in New York. My wife and I are alone in eight rooms of the apartment because our children are off to college or married. I ask you, does that add up? My mother-in-law and my sister and so on all live in their separate places. So we don't have the notion of an extended family, and we may not even have the notion of a family that goes beyond 12 or 14 years old in the future.

I think that these are the kinds of things that need examination before we can really go ahead with a real housing program, say for the year 2000.

In the meantime you need a house, so let us put up a barracks, let us put up a Nissen hut temporarily and hopefully it won't stay up forever.

Mr. HIRSCH. What you are seeking, Mr. Chairman, is a set of criteria that will help you to decide when to act and when to postpone action and possibly engage in research.

I suggest that one criterion should be the life expectancy of the investment you make. Let us say a dam is a 50- or 100-year investment. There is some evidence promising that desalting will become economically feasible in a few years. In most cases it would be very easy to postpone the investment decision on a big dam for a few years while we engage in further research.

Second, in addition to the life-expectancy criterion, I suggest the magnitude of the implications of your decision and its lasting effects.

For example, when under one of our housing acts we tear down whole subcommunities in pursuit of urban renewal, the implications are far reaching, not just because we take away some buildings, but because we force out people who had lived there for many years. If these people have reached a certain age, we in a certain sense tend to kill them.

I think it is not terribly difficult to come up with a useful set of guidelines for when it is wise to act immediately and when to postpone action. But, I would like to return to what I had hoped I could impress upon the committee, which is the need to develop more information and monitoring systems because they can be the way out of the bind.

If you start today to encourage each of those communities that is going to get funds from the model cities program to write a natural history of what that community looked like before the program, and then have an intelligent monitoring system, intelligent evaluation becomes easier and decisionmaking may be improved.

Chairman BOLLING. In other words, you would have basic research, you would have monitoring of experimental or nonexperimental programs which would be applied research?

Mr. HIRSCH. Really, to some of us in the social sciences the difference between applied and fundamental research does not exist. So, to me, socially relevant research is what we are seeking.

Chairman BOLLING. I happen to agree with that, so I am back to my research. I agree with this wholly.

Mr. HIRSCH. There will be creative portions of original research to identify the social variables that you do want to monitor, and there will be very creative research on developing a system that lends itself to ready updating and to processing and feeding to the decisionmaker.

Chairman BOLLING. Whatever we do we should not lose the opportunity to learn from whatever mistakes we have caused or whatever successes we have caused in the immediate future.

Mr. WADSWORTH. Mr. Chairman, let me make this suggestion on your question. We have really managed—I don't know how we have done it—to contrive a system that makes it possible for us to do less well than we know; that is, we know a lot better than we do. Let me give an example.

Under the terms of the Elementary and Secondary Education Act, with a hundred schools to operate, we can, under the terms of title I, provide compensatory services of various kinds in 13 schools. We know, as you know, in terms of an analysis of the movement of people in that community where the thrust is going. We are bussing 2,200 youngsters every day from our poorest districts to our best districts. Under the terms of the act we can't regard compensatory services for kids we are bussing from our poorest areas to our best as within the framework of title I construction.

In effect, we have somehow to contrive administrative arrangements that place the power to act, sufficient discretionary power, close enough to where the facts are so that you act in terms of that knowledge.

Now you come down to this kind of particular problem in these particular communities in instance after instance after instance.

You almost have to appeal to the United Nations, for example, to get a ruling that will permit you to take cognizance of the fact that a poor child you are transporting for mighty good reasons is eligible for certain kinds of assistance and, indeed, may need assistance much more than a youngster who is in a completely segregated school.

These are the kinds of things that make it necessary to loosen up the framework a little bit and give us some running room. All the knowledge in the world, as my good friend, Professor Hirsch, would say quickly, is not taking us anywhere unless we find ways to apply it; unless we find ways to constantly learn through that application because you cannot disengage the study process from the process of seeking ways to improve what you do.

Chairman BOLLING. Before we get off that, how do you suggest that we pursue the problem from here to there? After many years of, really, in political terms, brutal conflict, we did pass an Elementary and Secondary Education Act. It was a compromise of a compromise of a compromise of a compromise. It did not take into account a variety of the things that have been mentioned today because of its very nature. It ran into the problem of the changing quality, let us say, of State government in part induced by decision by the courts.

Are you suggesting what we need when we pass a program at this level is that we move toward ultimate decentralization, that we

decentralize systematically—and I don't have objection to it, I don't want to give the impression that I do—that we decentralize from the Federal level all the way down to the city?

Mr. WADSWORTH. First, in order to put it in proper perspective, no one who has any dealings with schools would hesitate to say that the greatest decision of the Federal Government since the Morrill Act, was the Elementary and Secondary Education Act of 1965. That it took so long is the tragedy.

Many of the things we are dealing with in the city today we would not be dealing with if it had been passed 20 years ago. Let us assume that the Congress, in its wisdom, and properly so, determines the broad policies that relate to educational development, and the administrative department sets the rules of the road in terms of standards, sets certain incentives that require local districts to comply.

For example, in the years ahead, somebody is going to have to do something about combining districts within city areas so that you are not totally contained with all your poor folk in one school district and all your better-off folk in the adjoining district. This is nonsense. It is perfectly clear that incentives in this as in other areas are going to have to be contrived.

Once this is done, it seems to me much of the administrative relationship between the Federal establishment and communities throughout this country probably can better be handled through their regional offices and with specific instructions and some discretion to do so, to work cooperatively with the States since the States are also involved.

In other words, we must shake things up a little bit, and place a few bets. I would say from my experience that working with the regional offices in various of the Federal departments is enormously helpful. What I am always appalled about is the misuse, or the lack of use, of the considerable talent that is in those offices.

Chairman BOLLING. Of course, I would have to interject there, and I am not saying it because I represent the area, we have at least two agencies, and I will not name either, and this is generally conceded in the bureaucracy at this level, the ablest of the regional directors in those particular agencies. They happen to be the key to your work, and this is very true, but the quality of the two individuals involved is extraordinary.

I agree with the point, but I think I would have to put that caveat in. These people, of course, are civil servants, and I have no political relationship with them, so it is not a political point. It is a point that they are generally conceded at this level to be the best of their particular group.

I think that leads us to another complexity, which is an obvious one. If we are going to do this, and I suspect we are going to have to do it, it has been done before in one very remarkable agency with which I had experience as an adolescent, TVA is practically the only agency of the Federal Government that decentralized, that was decentralized deliberately by the Federal Government.

It is not, I think, a coincidence that it had the most remarkable success in its early years at least in making itself a part of the community. I think we can draw that lesson from our difficulties today and from its successes of that day and perhaps the current time.

But in the meantime what we have agreed, I think, is that we need a much greater input of research. Presumably we will have the same

experience in this as we did in a variety of other fields, that that input, to use the jargon, is going to have to come through, in large part, Federal leadership and through Federal funding. Not in total part, which I think is a ghastly mistake.

In addition to that and part of it, not in addition to it, but part of it, there must be a specific provision in every action that we take that provides for monitoring of the effectiveness of that action.

At the same time we all must maintain the willingness to do a great deal more with what we know today than we are willing to do. Is that agreed?

Mr. GOODMAN. Yes.

Chairman BOLLING. There are many disagreements. I think there is a legitimate disagreement that we are going to find out about somewhere along the line, the disagreement on the question of assimilation of culture which I think is a very fundamental problem.

You had something you wanted to add, Mr. Hall?

Mr. HALL. Yes. I wanted to go back again to the bureaucracy's function. Sometimes we impose a bureaucratic decision on the people with the best of intentions but sometimes with the most disastrous results. The American Indian has been getting short shrift for generations. One of the most recent ones is in the Pueblo area where I was raised, in New Mexico. These people are now going to FHA for support.

The Indians have houses that have lasted for 500 or a thousand years. They stand up all right if they keep the roofs repaired. But what do they get?

They have to build their houses according to FHA design.

We will just leave it at that.

Chairman BOLLING. Would any of you wish to add anything on any subjects that we have discussed?

If not, I am grateful to you for your contributions. We may be seeing you at a later time because the plan of these hearings is not to have any specific terminal date until we think we have arrived at something that is useful, not that what you have provided today is not useful, but we think that even you can provide more than you have, as we know we can.

Thank you.

(Whereupon, at 12:10 p.m., the subcommittee recessed, to reconvene at 10 a.m., Thursday, September 28, 1967.)

URBAN AMERICA: GOALS AND PROBLEMS

THURSDAY, SEPTEMBER 28, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON URBAN AFFAIRS
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met at 10 a.m., pursuant to recess, in room S-407, the Capitol, Representative Richard Bolling (chairman of the subcommittee) presiding.

Present: Representatives Bolling and Griffiths; Senators Javits and Percy.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Richard F. Kaufman, economist; and Donald A. Webster, minority economist.

Chairman BOLLING. The subcommittee will be in order.

This morning we will continue the hearings we began yesterday on "Urban America: Goals and Problems."

Today's panel draws upon three contributors to part II of our compendium which is concerned with questions relating to functional problems. We asked this panel the following questions: Can programs be designed—and if so, how—that permit us to simultaneously realize such goals as decent housing for every American, adequate transportation, adequate recreational, educational, and health services, the elimination of poverty, and the integration of racial and ethnic minorities into the economy of metropolitan areas?

Or, do programs and policies aimed at each of these separate goals necessarily interfere with the achievement of the others?

What are the conditions which stifle the individual's involvement in his community? How can the individual's sense of responsibility and his search for indentity be reinforced and fulfilled in the urban community?

We are honored to have with us three distinguished experts: Leo Levy, psychiatrist, Illinois Department of Mental Health, State of Illinois; Donald Michael, professor of psychology, University of Michigan; and Roger Starr, executive director, Citizen's Housing and Planning Council of New York, Inc.

Our procedure will be to allot each of you on the panel 5 minutes, more or less, to summarize your position and add anything that is brought to your mind, and then we will proceed to pose some questions to you for discussion. Mr. Levy, will you lead off?

STATEMENT OF LEO LEVY, PSYCHOLOGIST, DIRECTOR OF MENTAL HEALTH PLANNING, DEPARTMENT OF MENTAL HEALTH, STATE OF ILLINOIS

Mr. LEVY. Thank you very much, Mr. Bolling. It is a great privilege to be here today. The paper which we submitted was coauthored by Dr. Harold M. Visotsky, Director of the Department of Mental Health in the State of Illinois. He, unfortunately, was unable to attend today, as he is off with a group of other psychiatrists promoting our international relations with Russia.

The program lists me as a psychiatrist. I want to correct that. I am not a psychiatrist. I am a psychologist. My position with the State of Illinois is Director of Mental Health Planning for the State Department of Mental Health in Illinois.

I do not think I will really require 5 minutes to summarize the points that are made in the paper that we submitted. Basically what we tried to do was to lay out in general terms, with perhaps a very broad brush, some pragmatic illustrations of how behavioral scientists, mental health professionals and psychiatrists relate the problems of urban life.

What I was trying to do in that paper was more or less to illustrate the mode of functioning, the way of conceptualizing the method of harnessing one's own scientific and academic discipline into coming to grips with a series of very complicated and very interesting problems.

We tried to point out that behavioral scientists, at least from our vantage point, have a limited but nevertheless an important contribution to make in the study of these chronic and difficult problems which face the city today. Beyond that we wanted to convey, and I hope we were successful in doing so, the strong interest which is being exhibited in the behavioral sciences today with regard to problems of urban life.

This is a topic which is becoming more and more discussed at professional meetings and scientists in general and behavioral scientists, particularly, are beginning to feel very strongly that they have a moral as well as scientific obligation to make whatever contribution they can toward the solution of these problems.

On the other hand, we wanted to indicate in that paper also the limitations. It is very important, at least from where we sit, that we spell out very clearly the limitations of our ability to contribute because we want to generate an expectancy which is realistic. Behavioral scientists can study problems, they can furnish data, they can advise, they can consult, they can act, if you will, as technicians, but many of the problems which are facing us, as you know, have broad, political, social, economic, and, if you will, moral, and value implications toward which we can address ourselves often, only very indirectly.

We tried in the paper to illustrate certain areas of research where very interesting things to our way of thinking have been going on particularly over the decades since World War II. We did attempt to collate a good deal of literature, while it certainly was not exhaustive, on such areas as mobility and migration as related to mental health, social facilitation and inhibition of behavior and several other areas which have been discussed in the paper.

Another point which was not made explicitly but which I think ought to be made explicit is that I think there are two basic ways in which behavioral scientists can be of assistance in this problem.

One way is fairly obvious, that is to direct the behavioral scientists to study a particular problem. I would classify this as applied research. That is to bring his research methodology and his knowledge of human behavior to bear on a specific problem relating to urban life. This, I think, has a potentiality of producing a successful result.

There is a second area in which I think behavioral scientists need to function and that is to relate existing research, which is of a nonapplied nature but which we might call basic research, to problems of urban life. There is a basic difference here: Because many pieces of research are undertaken and done with no intention of producing any particular result with regard to a specific problem of urban life and yet these researches may have indeed very strong implications for urban life.

I might cite you a couple of examples which come to mind. The man who invented the birth-control pill, for instance, if it was one man, but at any rate, that bit of technology may have vast implications for our whole society and for urban life in particular, and yet I am sure the motivation for exploring that particular area of biology was not motivated by any special need to deal with an urban problem. Similarly from an even more remote area in physical science, physicists who have explored and are exploring the potentialities of atomic energy certainly have not done so in the past with any specific orientation toward urban problems per se. And yet the knowledge of atomic energy has vast implications for many of the problems which confront us in our cities.

So I think the behavioral scientists, in addition to doing applied research, have to be alert to what is going on in their field, and in a limited way in our paper we tried to indicate how some studies which were not done with a specific motivation of this sort still can be tied into the general problem that we are considering.

These are about the extent of my remarks. Again, thank you for inviting me.

Chairman BOLLING. Thank you.

Mr. Michael?

STATEMENT OF DONALD MICHAEL, PROFESSOR OF PSYCHOLOGY, UNIVERSITY OF MICHIGAN

Mr. MICHAEL. Mr. Chairman and members of the subcommittee, I would like to speak to our topic as a practical planner, as a student of the theory of complex social systems, and particularly as a social psychologist, observing the behavior of people in organizations dealing with complex environments.

I have argued that urban environmental problems are so complex and so large scale that only long-range planning, long-range programming, has even the potential for dealing with them.

Why do I emphasize "only" and "potential?" I emphasize "only" for reasons you stressed in the questions you raised in your opening comments. That is, it will take many years to do the research, to evaluate the research, and to implement the research needed to produce appropriate education, housing, pollution control, mass transit, data banks, and so on.

So we must think in terms of long-range planning and programing. However, contrary to the more aggressive entrepreneurs for such long-range approaches, we have to think in terms of potential methods for dealing with the urban condition, because in fact, that is all that exists at the moment.

To do long-range planning in the way I am speaking of, it here requires not only an end state plan of what things ought to look like 10 or 20 years from now. It also requires the development at the same time of procedures for implementing and regulating the plan as it goes toward that end state. That means the plan has to be adjusted as it moves along and yet it has to be consistent as it moves along if it is to deal with the kinds of issues we mentioned earlier.

Given these requirements, I think it is very doubtful that present political and bureaucratic procedures—and I am not limiting these remarks to government politics or bureaucracies by any means—that these present procedures are adequate to do the necessary long-range planning.

Let me suggest some of the very profound problems that arise. In the first place, the kind of problems we are talking about are interlocked in such ways that they essentially obliterate or at least dramatically reduce the functional utility of the existing preoccupations of most agencies and organizations. The world just is not put together in this urban day and age in the way the offices and agencies are; it is not cut up that way.

Secondly, using the powerful social technologies that we are beginning to develop, such as system analysis, behavioral engineering and the like, requires a problem orientation rather than an agency orientation, whether the agency is a public one or private one—I am not making such a distinction for the moment.

That means you have to deal with the problem as such if you are going to use these powerful technologies, not in terms of the preexisting definitions of where one agency's responsibility leaves off and another starts. But agencies are not going to give up easily their preexisting perspectives and mandates.

Thirdly, to do the kind of long-range planning we are talking about that involves implementation of the plans, its evaluation and regulation, so that it will be responsive to the changing world that it is planned to deal with over a long time period, requires continuous evaluation of what is happening to the plan in relation to the evolving environment.

And that continuous evaluation then has to be continuously applied. I submit that our organizations, our bureaucracies, our political system, are presently not set up to deal with evaluation which jeopardizes previously made commitments, and existing statutes and power. And yet, unless we can do long-range planning so as to respond to real evaluation of what is happening, those plans will be only a ritual. Indeed, they can be more dangerous than just a ritual activity. Because of their technology-based unprecedented power they could be disastrous.

It turns out, as I hardly need emphasize here, that changing institutions, changing commitments, preconceptions, status, and so forth, are enormously difficult to do. Indeed, they are so difficult to do that as far as I can make out generally when recommendations are made for sweeping changes in the conduct of one activity or another in order

to meet our urban needs, almost invariably and usually deliberately they do not draw attention to the implications for dramatic changes for institutional control and prerogatives that are necessary in order to carry out those recommendations.

And to say that, we will just have to use our conventional means of making slow institutional changes where we can and when we can, in effect, defeats the very purposes of using systems analysis and the new technologies we have for trying to conduct long-range planning to meet the kind of problems we have.

There is a second kind of limitation in the present situation that makes long-range planning only a potential rather than a certainty for solving our urban problems, even though long-range planning seems to be in principle the only means for solving these problems. I mean the limitations of methods and men.

We have yet to use the systems approach on any major human problem. We cannot now use it simply because we do not at present have the data or the theory to make adequate system models which represent interacting human beings with all of the human characteristics you are very familiar with.

The systems approach is demonstrably fine for building weapons systems. But when you start bringing people into the picture we need more knowledge than we presently have to use systems analysis and such techniques really effectively.

Furthermore, these techniques do not resolve goal conflicts. This is something that is generally overlooked. It is critically important. The techniques are very helpful for deciding what is the most efficient and effective way to meet a goal once it is decided on. But goal conflicts let us say as between private profit versus public welfare, or as between a man on the moon and pollution control, where you must allocate resources and so forth in terms of different social goals, these the systems approach won't solve. No technology will solve this kind of value problem. It has to be resolved in other ways in order to use the techniques necessary to do long-range planning.

Systems techniques simply do not solve the general problem of social welfare costs and benefits. We do not have an economic theory that will deal with this. This means then that the best we can do, to use the jargon, is to "suboptimize," to solve parts of the problem in terms of the goals of those responsible for the parts of the problem.

Suboptimization immediately opens up the situation to other considerations besides pure rationality, if you will, and the pure application of these language planning methods. It opens it up to conventional, political, and bureaucratic in-fighting and again let me emphasize I am not limiting this to purely government politics and bureaucracies. For it also does something else that needs to be made quite explicit. It opens it up to political and bureaucratic in-fighting and to intense entrepreneuring among the systems specialists. Interested laymen tend to believe that urbanologists, systems planners, and the like, are above greed, passion, jealousy, alliances and so on. At least this is the impression that some of my compeers try to convey about themselves. But we are not above these weaknesses.

This holds whether we are associated with profitmaking or not-for-profit organizations. Either way there is intensive competition for grants, access to power, for public image, for all of those things which

keep people from being the superhumans we would like to think they are in this area.

I think this is terribly important to remember. Not-for-profit does not itself protect the consumers of these technologies from the same kind of extra-system considerations, if you will, that operate in a profit situation or operate in any other human situation where power and influence and belief are involved.

This is not to say that idealism and integrity do not operate but they are not by any means the only things that operate.

To summarize, the nature of people's institutions, and present political values very seriously inhibits the application of consistency, integrity and candor to urban problems. The nature of present methods and technologies thereby makes possible disastrous mistakes because they are both powerful in their impact and limited in their rational aplication.

Personally, I am not at all sure that we can develop methods or manners to deal effectively with our urban crises. But I am sure that if it can be done it is going to require a level and scale of wits and selflessness by all concerned, of courage and candor and commitment at a level which we have never before been called on to show and to show consistantly in dealing with our world.

Thank you very much for this opportunity.

Chairman BOLLING. Thank you.

Mr. Starr?

STATEMENT OF ROGER STARR, EXECUTIVE DIRECTOR, CITIZEN'S HOUSING & PLANNING COUNCIL OF NEW YORK, INC.

Mr. STARR. Chairman Bolling and members of the subcommittee, I address myself to the question which you asked me; namely, to what extent do some Government programs for dealing with poverty interfere with the goal of eliminating or greatly reducing the impact of poverty n our cities?

I came to the conclusion that poverty is primarily an economic problem. In order to deal with poverty in our cities, we must generate economic activity which will engage the people now suffering from underearning.

Many Members of Congress, together with many spokesmen outside the legislative halls, have suggested that the cure for the cities' ills is the spending of great sums of money within the cities.

The problem is that very few people can tell us what this money is to be spent on or for. It is a fact that no spending of money in the cities, or very little spending of money in the cities, is neutral with respect to the conflicts that actually animate life within the city.

And a relatively small part of the programs for spending money within the cities would directly engage the services of the people most needing the economic stimulus.

For example, my main field is housing. I have certainly recommended, and my organization has fought for years for large-scale, low-rent housing construction. But it is a fact that the people who need economic help the most in the cities do not go to work in a housing program.

A housing program to engage them would have to be undertaken on a scale so vast that the unions would have to open their doors to a great

many new recruits. New standards of eligibility and new standards of training would have to be devised before a great many of these people could go to work in the rather complex and sophisticated area of building construction.

It is my feeling that such a large housing program, involving major physical changes in the city, could be mounted with the greatest difficulty because of local opposition engendered by the poverty program in the name of "self-determination by the poor."

In the city with which I am most familiar, the poverty program has been animated by the belief that the poor constitute a separate nationality within our country. They are to be moved forward by heightening their self-consciousness as poor people, in the same way that the American Government moves into a newly developed country in Africa and tries to improve its economy by heightening the self-consciousness of the natives.

It is my belief one cannot and should not seek to develop a small barter economy in the midst of a money economy in our cities. The poverty program has moved people away from making decisions concerning their immediate economic life and their training for jobs; and encouraged them rather to undertake decisions affecting the physical fabric of their community on the ground that this latter activity heightens their self-consciousness. Unfortunately, the heightened self-consciousness frequently impedes spending sums of money in the city which might directly or indirectly reduce poverty.

Among the various possibilities for spending money in the cities which would engage the largest number of poverty victims, I would like to have you consider vast public works of the simple sort which in the past provided the first normalizing jobs for immigrants to our country.

I am thinking of physical work, for example, like sewer separation. It seems to me that large numbers of people can be put to work on an assignment of great public importance separating the storm and sanitary sewer systems in our city.

This investment would be of tremendous importance to the clearing up of water pollution. It would incidentally throw off the employment of large numbers of men.

I have completed for publication in the "Public Interest" a long article on this subject with the collaboration of a highly sophisticated construction industry technologist. We have calculated that, taking low estimates for the cost of storm and sanitary sewer separation, some 200,000 people of minimal skills could be employed at jobs of great dignity and great national importance.

It is my belief that the attack on poverty must come through the increase of economic opportunity for the people who need the added income. It must come through the provision of dignified work. Family allowances alone cannot accomplish this end, although certainly for families with no working members or for underearning families those family allowances become important. And it must come, through a work program which is neutral politically in the battles that rage in the city so that no city in the United States can successfully turn such opportunities down.

Thank you.

Chairman BOLLING. Thank you, Mr. Starr.

Senator Percy?

Senator PERCY. Mr. Starr, I appreciate corresponding with you in the past.

I wonder if you can describe your attitude toward the rehabilitation potential in New York City where you see tremendous potential improved housing. Certainly the city administration is enthusiastic about rehabilitation potentials but I think you had some concern about its potential.

Can you tell us a little about that because here is the need, improved housing, the jobs are there right where the people are living, they are working in their own community, in their own neighborhood, on their own future well-being.

Yet I think you are somewhat skeptical of the potential.

Mr. STARR. Senator, I am delighted you asked me this question. It is a fascinating subject.

The rehabilitation potential, in my view, of the buildings in any city depend primarily on the kind of buildings that were built in the first instance.

Now in Manhattan and in the more central parts of Brooklyn, by which I mean downtown Brooklyn, Williamsburg, the buildings that we have to deal with are the tenement houses which were put up on a speculative basis in the last half of the 19th century to take advantage of the vast flood of immigrants arriving from the farms of Europe. The buildings are overbuilt essentially.

We put 24 families in lower Manhattan on a piece of land of approximately 2,500 square feet gross. That is a hundred feet of lot area for each family. The overbuilding, the gross overloading that results from that makes these tenement houses, to my taste, not suitable for rehabilitation.

We have worked hard. We have committed vast sums of money in rehabilitation, and believe me, they can be vast. The sums of money spent on a single apartment in the 114th Street rehabilitation in New York City approached the cost of a new fireproof unit with elevators. Yet these are not fireproof units, and they haven't elevators and the room sizes are inadequate.

So for multiple dwellings of this kind I see only a very dim future of permanent rehabilitation. I do see a great opportunity to fix them up temporarily, to raise them at least to a better level of operation than they now have, with better plumbing and electricity, and their worst violations removed, by the provision of low-cost loans to the current owners.

Incidentally, this work would not engage unskilled persons. The work is plumbing work which must be done by licensed people; electrical work which is dangerous and must be done by licensed people. This partial rehabilitation is mainly a question of bringing the mechanical systems up to standard.

We do have in New York City some of what other cities have in much larger amount. That is, one-family houses originally built for middle-class ownership which over a period of years have drifted into multiple occupancy.

These homes have potential to be rehabilitated as good homes. Yet, we come to a very tough problem with the types of such houses as we have in New York. They are now occupied not by one family but by a number of families.

If we are to make them good again we must reduce the number of families in these buildings. We find that this is also a cumbersome and costly procedure which results, in part, in the displacement of a number of people.

Our best hope in rehabilitation lies in vacant and boarded-up one-family houses. If we can find those and revitalize them at a price which the poor people will be able to afford, we will have done something very good.

In the city of Philadelphia the low-income housing was originally built in the form of very small one-family homes shoulder to shoulder. These have that potential. The potential of rehabilitation in every city must be measured by looking at the kind of building stock that you have on hand and measuring that up against the present need and the present complexities of urban environment.

Senator PERCY. I share your concern about the rehabilitation of five-story walkups in New York. This seems to be an outmoded type of building. I am always fearful that the fourth and fifth floors are going to be the drudges, that no matter how they are fixed up they are not going to be desirable places to live.

Fortunately in Chicago we did not construct much of that type of building. We have pretty solid three-story apartment buildings, which when gutted inside, converted back to the number of families for which they were originally intended, and put into decent shape, I think, would make a vast improvement.

I am encouraged that in cities like Pittsburgh the building trades are listening to reason and taking leadership now in breaking down jurisdictional lines, creating a new class of work and not requiring a union card for the initial trainee to go in and start on this program.

So, I think we are making a little progress.

I would like to ask you about the thrust of what I think will be our new housing effort this year in the Senate. I think we now have accord on both sides of the aisle that our major contribution can be in home ownership for low-income families. We have had rent subsidies and we have had public housing which, itself, has been quite a failure, and we are spending a lot of money but we are not attaching people to the property; they are not taking any sense of pride in it; they are not caring for it. All they want to do is get out of it as soon as they can if there is anyplace else they can go.

But we are going to provide interest subsidies now on a fairly vast basis, I think, if we can get funding for it.

Do any of you, or all of you, feel that this basic approach of trying to have people own something with their monthly payments and develop a sense of pride in what they own, can be a major breakthrough in the cities, in democratizing the city, perhaps, just as FHA in the suburbs for 25 years has made it possible for us to move from a nation of one-third homeowners to two-thirds homeowners.

There is not that ownership and feeling that the people are a part of the community in which they are living. They look upon themselves possibly as transients and, therefore, do not develop a community feeling and spirit which they used to have in the city when they arrived and intended to stay in the region.

Mr. STARR. Senator, if I may, I would like to start by saying that I do not agree with you that public housing is a failure as you described it.

Public housing in my city is not a failure at all. It has provided sound homes that are in great demand by low-income families. As a matter of fact, at this moment the New York City Housing Authority is leasing apartments in privately owned structures which it will sublet to its tenants.

It finds many owners willing to lease apartments because they have vacancies. It finds, however, that the public housing prospective tenants would rather live in the public housing projects than live in the privately owned buildings. They know that in publicly owned housing the level of maintenance is better, the light and air is better, the buildings are fireproof. There are community centers and there is, willy-nilly, a community spirit in many of these buildings.

I agree with you about the attractions of homeownership in a neighborhood in which the families can afford, not only the mortgage payments and the taxes, but the unexpected maintenance charges like the painting of the house. These incidentals always come up at the worst time; taxes rise just when you cannot afford them and there are hidden expenses. When we say to a family "Own your home"—in contrast with living in a public housing development—we are asking that family to take out of its operating, living budget, a certain number of dollars each week and to invest them in a piece of real property.

I feel that the great success of homeownership over the last 30 or 40 years in the United States is due to the tremendous economic boom, a tremendous uplift of the incomes of Americans. If their incomes had remained stationary, the home investment they undertook in the years right after the war would have been frivolous and foolish investment. Yet the investment was justified by the unexpected economic surge that carried the American family income upward.

When we get lower and lower in the economic scale, we approach people who require every earned penny for the daily necessities of life. Unless you and I can promise these people that their own incomes will rise, we have no business asking them to invest in real property ownership; nor to go into debt in order to do so.

Homeownership is a bet on future inflationary expansion of the economy; an inflation which will swell the incomes of the sections of the population that have not to this date benefited to the extent that others have before them.

Senator PERCY. Mr. Michael, you have had experience in the behavioral sciences. Is this desire for homeownership exclusively held by the middle-class and the higher income people or is it a basic desire that lower income people have also? Would it provide motivation for them to do things that they might not otherwise do without this goal to work toward?

Mr. MICHAEL. As you imply, this is a systems problem. I would want to raise some different kinds of questions that I hope will be responsive to your question.

One is that, whereas homeownership was appropriate in a relatively immobile society, the whole trend of the society, perceptually, occupationally and in every other way, is toward increasing mobility. Indeed, when we speak of finding adequate occupations for low-income people we usually tie that now with some kind of speculations about training them so that they can move around to where the jobs are.

It may well be then that homeownership may tie them to a place in such a way that it makes it incompatible with the mobility requirements for living in tomorrow's occupational world—unless along with that ownership went some kind of system to take the burden off of the owner connected with selling it when making a shift to another environment.

Secondly, I am not convinced on the face of it, and here I would want to see what the research says—and if it is the way it usually is, there is a lot that has not been said because research has not been done—I am not convinced that with the emphasis on novelty, newness, change that increasingly characterizes the society, that ownership of a home per se necessarily generates pride or would maintain pride.

It may well be that ownership of the contents of a home or the capacity to change those to respond to the blandishments of advertising and style and so forth would be more closely associated with a sense of being "in" and, therefore, being prideful about what one has. A house may get out of date or may, as Mr. Starr says, impose burdens of maintenance and so forth that are not as easy to deal with, that do not allow you your cake and eating it, so to speak, the way renting things, changing them, would imply.

I think it is ironic, perhaps, that we are suggesting pride in ownership for the low-income population at the very time that the affluent part of the population is shifting more to rental, temporary use of all kinds of things, whether it be a car, or apartment, or the resources they have in their apartment or in their home.

In terms of social trends in our society that have a great deal of momentum and characterize, certainly, what it means to be "in" in this society, what it means to be part of this society, some of the ideas we have about ownership and the possession of property as a prerequisite for pride and as a prerequisite for responsibility, may no longer be as applicable as they were.

One last point on this. The fact that one owns a home and takes pride in it does not necessarily mean that one knows how to maintain that home in order that they will continue to take pride in it.

This is a worldwide problem whenever one introduces a new technology. It is fine to drive a jeep in a developing country but when the driver has no concept of preventive maintenance, as is usually the case, pretty soon the jeep is ungreased, unwatered--junk.

The same thing here. If you are thinking of homeownership for those who have never owned a home, one also has to think in terms of appropriate education for maintaining the home. This means, among other things, generating an attitude of looking ahead, anticipating things that have to be dealt with and the like, which again goes to a very serious problem in the education of the poor and the deprived. "Preventative maintenance," and looking ahead have never been part of their education for good reasons: they didn't have anything to look ahead to or anything worth maintaining.

Senator PERCY. I think you are absolutely right. I have felt that a homeownership bill which did not provide attendant social services would be worthless for people who have not learned how to live in a community, take pride in private possessions and organize their lives in such a way as to meet regular monthly payments. The technical services are just as important as the helping hand with an interest subsidy, and this is why we are making such strong provision for this.

But I do not know how a person can take pride in a city unless he takes pride in a neighborhood and community and unless he takes pride in the building in which he lives and participates in his government. I think it is possible to teach lower income people to be as responsible about their government or their property as very high income, condominium, cooperative owners.

We have an example of 1,500 families in Baltimore who have governed their property for 20 years in a way that has picked it up out of the depressed condition it was in after the war. I think all those services are essential and necessary.

Mr. Chairman, I will yield so that we can alternate questions.

Chairman BOLLING. Mrs. Griffiths?

Representative GRIFFITHS. Thank you very much.

I was very much interested in your remarks and I must say, Mr. Starr, I think that the main trouble with being poor is that you do not have any money.

I would like to point out also that in the city of Detroit from which I come, besides the planning commission of the city of Detroit which is a very good planning commission, if we had any money we would do quite well.

There are two other people with announced plans for the city of Detroit—two other groups of people. One is led by a militant Negro minister who is for putting all the whites out of Detroit and just having a black city.

The other is two Negro brothers who are really just for taking over a State. I don't know whether they plan on taking over Michigan or not.

I would like to ask you what do you think would be the tension in such a thing and what are the barriers and what would be the problem, for instance, on the city alone, because I think this is more reasonable.

Chairman BOLLING. Who would like to try that?

You don't seem to be getting very many volunteers.

Representative GRIFFITHS. Let me give you another one.

This morning I noticed an editorial condemning the nomination of Louise Hicks, in Boston, as low-income, low middle-class action. One of the entertaining things to me about such editorials is that the high income, high middle class has already reacted in a different way.

You always get the impression from such an editorial that if the high income, high middle class had prevailed, of course, they would have nominated some really great person.

But, of course, they have not done that because they are already out in the suburbs where they are sending their children to a school with their own or to a private school.

Now, is the plan of the city to be to forget ethnic groups, money, classes, and to make us all new, a sort of thing like you roll off the assembly lines in Detroit, where all come out about the same?

Or is the plan of the city to continue to provide diversity?

Mr. STARR. This, I will respond to, if I may.

Here again, we are in Moynihan country. It is Mr. Moynihan who said something with which I agree profoundly. That is that there is a certain affinity between the high-income people, and the very-low-income people. These groups can live fairly close together quite comfortably.

I have seen this, for example, on the East Side of Manhattan where when a low-rent public housing project was proposed, it was supported by a number of society ladies who came down to city hall to argue in its favor. For them the social distance between the public housing and the private condominium was so great that their status was not really imperiled by physical propinquity.

In fact, public housing was a good place for the maid to live; it worked out very nicely.

The middle class is in no such position. There is an intense irony in saying to the middle-class people of the city, "We want you to accept low-income neighbors," while at the same time saying to the low-income families, "We want you to work very hard so that you will pull yourself up to middle-class status so that you can choose your own neighbors and live where you want to live henceforth."

Those two propositions do not fit together very well. My own view—I admit it is only a prejudice—is that socio and economic class in the United States is a fact and will be a fact for a long time to come. Racial integration must proceed within the boundaries of social and economic classes. They are sometimes loose boundaries.

I believe it is no more practical to try to integrate low-income Negroes and middle-status or middle-class white people than to think we are striking a great blow for racial integration by suggesting that Mr. Bunche's neighbor should be a white man with meager earnings and a sixth-grade education.

I do not believe that that is racial integration. I think racial integration has to be worked at on the basis of socio and economic parity which leaves us then with a very clear fact that for the low-income Negro, economic and educational advancement are the overwhelming challenges. I think the reason why black power hits so fertile a response among so many Negroes is that it says to them as it says to me, economic power first—integration second. It says to Negroes that their own advancement is more important than socializing with that conscience-stricken section of the white middle-class world which might currently accept low-income Negroes as social equals.

Representative GRIFFITHS. Along the lines of the question, and the way you have answered, I would like to ask you also, what would be wrong with the FHA saying when you build a high-rise, luxury apartment, you have to have right beside it some low-income housing, we won't insure unless you do.

Mr. STARR. In the city of New York, this is increasingly being done in places where Government has control. The problem is whether or not higher income families will move into a project when it is surrounded by, or even adjacent to, low-income families.

It is one thing to bring a low-rent project into a good solid neighborhood whose residents have certain values which affix them to it. But I think in America today the notion of neighborhood is primarily based on socioeconomic homogeneity. Whom will my kids meet when they get ready to marry? Will the school that they attend have such a high educational level that they will be able to go forward in an increasingly competitive American economic life?

These are the questions that people ask themselves when they select a home.

Representative GRIFFITHS. Let me ask one more question.

What would be wrong with saying that the Federal Government will take over all educational costs and will build great educational complexes, wipe out the school district and bus every child?

Now, in the city of Detroit, if you put the complexes at the boundaries, you could pick up children from three counties.

Mr. STARR. I pass this one over to my social psychologist.

Mr. MICHAEL. I would like to respond to all three of your questions by saying I don't know how to respond to them. I mean that in a very serious way. I don't think my ignorance is unique.

I believe, as I tried to indicate in part in my remarks, that we are really up against it politically and intellectually. We simply don't know enough about the characteristics of our society and the parts of the society to be able to provide reliable answers for the kind of critically important questions you asked.

I tend to be sympathetic in general to what Mr. Starr says. But I would be completely unsympathetic to what Mr. Starr or anybody else says as to what people's attitudes are when they move into places, because, actually, we don't know beyond our own generalized experience.

In general, we don't have the data about people, their behavior and needs and services and their responses to them, that will begin to tell us something about the differences between them, the similarities between them, the variations from city to city, from class to class, from one part of the city to another part of the city, which can begin to provide the basis for making intelligent guesses, hypotheses, and programs to try to answer your questions.

Let me take this further. The situation gets much more complicated as the years go on, for a number of reasons, but one that is relatively unique is that, as the years go on our population will get larger.

As our population gets larger, even small percents represent very large numbers of people, whereas in the past a small percent was a small number of people. In terms of its impact on the social process it was relatively trivial. Now small percents, who have particular attitudes or desires, become very important in the mix of the society, since they are in fact large enough numbers of people to affect when something can be done, where it can be done.

This is something new that we have not really begun to deal with; 2 percent unemployed 10 years from now is quite different from 2 percent unemployed 10 years ago just in terms of the number of people that can react in various ways by being unemployed.

So, what we are inevitably in for is increased confrontation, perhaps conflict, perhaps alliances between small percents of people but with varying interests and attitudes, trying to respond in their own ways to their needs in the urban environment whether it be in regard to education or where they live or whom they live next to.

It seems to me a possible way to begin to deal with this situation—possibly begin to, and I don't know that it will work—is to acknowledge this situation and be far more experimental in the way we go about trying to initiate new efforts. Instead of trying to establish standardized procedures, for example, that every FHA-supported housing have low-income housing associated with it, we should try it in some places, and not try it in other places. Perhaps there should be an opportunity for a city to be all Negro. We need to see what happens, whether it works; under what circumstances does it work?

I think what we have to expect is that from now on we have to be an experimenting society. We have made speeches to this effect in the past, but we have not done so. We have to take enormous risks or suffer the almost certain consequence of urban disaster, unless we take the enormous risk of experimenting.

Representative GRIFFITHS. At least, we have to talk about it.

Mr. MICHAEL. At least.

Representative GRIFFITHS. We have to put this question, that this is the real thing to consider, there is nothing ridiculous about it; why not consider this possibility?

I am glad you brought up that unemployment, too, because with yesterday's action in the House and the possibility of a tax increase there will be more unemployment. We can figure out the answer to that later.

Mr. LEVY. Mr. Chairman, I would like to pick up on a few things that Representative Griffiths has brought up and also relate that perhaps obliquely to Senator Percy's question about homeownership.

Here I speak again with some prejudice. I am not a homeowner, incidentally. But, just to pick up on your remark of what about the city, should it be a homogenous middle-class kind of environment, I would regard that as one method of death for the city as we know it. I think it would rob the cities of the things that we who live in large cities find most valuable, ethnic neighborhhoods, variation, mixing of classes and, more important than class, social groups with differing attitudes and differing points of view and customs. I think we ought to preserve this.

I think one of the failures of the urban renewal program has been that there has been a rather blatant disregard of the need for maintaining ethnic variation, of the need for maintaining a great deal of variety, which is part of the stimulating and exciting quality of cities.

With regard to homeownership, and this really ties in with the remarks made up to now, I see this as a rather superficial way of trying to do something which is much more profound and perhaps needs much more penetrating kinds of solutions, Senator.

You cite homeownership as instrumental in stabilizing communities. The real issue, in my mind, has to do with identity. It has to do with communal investment; it has to do with political participation, of the poor, particularly, in solving their own problems.

I think that neighborhoods have to be invested with a social consciousness. I think they have to have an investment in their school system. And, when you talk about more technical and social services I think this is true but I think we have made some very bad errors in the past and I hope we are not going to perpetuate them into the future with regard to the provision of technical and social services.

I think the mistake has been that a middle-class professional group for the most part has taken over the social services and entered into the community with the attitude that, "We are going to do something for you because it is good for you; we know what is good for you," even if we don't.

And the poor are left with a sense of apathy and the bereftness of power, powerlessness. I think it is very important to instill in the poor neighborhoods of our cities a sense of participation and this comes out of power; of which economic power is one form.

We have to make people employable; we have to give them jobs; we have to give them an adequate income. With that, of course, adequate housing and adequate education. But all of these things enter into the definition of communities.

If we are going to homogenize our cities, I think we will be essentially creating what has happened in our suburbs and I am not too sympathetic with the trend of suburban development today. There has been a certain kind of cultural and social inertness, in my opinion, in the suburbs which perhaps is as bad in some respects as the problems that we see in our central city.

Again to pick up on a remark that was made about teaching the poor people responsibility, I think that is another error and a prejudice perhaps that we should examine very closely.

I have dealt with poor people of various kinds and there are different kinds of poor people. We cannot homogenize them into one group. I have been struck time and time again with the fact that when people are given the opportunity and the mechanism and the ability to take hold of their own destinies they do so.

We are not such a badly uneducated society that we do not have a very distinct investment and knowledge of what our own individual destinies should be. This is something that we as professionals have sometimes overlooked.

Speaking for the mental health profession, I can say that mental health people have missed the boat on this, too, because when we have moved into communities and opened up community mental health clinics in the past what we have done is to say: "OK, the community will control this; this is their clinic," and then we get a board of directors of the clinic which consists of perhaps the local superintendent of schools, a local banker, the chief of police, perhaps a political dignitary if we can get one to accept, but no representative of the poor. Then we say we have a representative board.

In many of our communities, a large part of the population to be served are poor, and I know of only two communities in this country today where the poor exert control over their mental health centers. One of them is in Chicago, I am happy to say, and that is in the Woodlawn area where we have a city clinic supported in part by the State where I feel that the Woodlawn people, do control, in fact, their destiny with regard to this particular aspect of their communal life.

This is in part due to the militancy and the demandingness of The Woodlawn Organization which is a highly articulate group which insists that anything that is done in their neighborhood is done with their understanding and with their participation. That is very important.

So, when we talk about supplying technical and social services, yes, by all means; and economic support, yes, by all means. But, the control and the direction has to come from the community. This is where I think the question of communal pride comes in.

Whether you at that point rent people houses or whether you sell the houses to them, I think this becomes distinctively minor.

Representative GRIFFITHS. Thank you.

Chairman BOLLING. Senator Percy?

Senator PERCY. I consider these comments very useful.

I could not agree more with you that you need this social service to come from the bottom up and there has to be a real participation of the poor.

Sargent Shriver's assistant came over to talk to me about OEO yesterday and asked if I had any criticisms in Chicago. I have supported that program. I do support it. I cannot see breaking it up now and dispersing it to various agencies where it is on the bottom rung of every other department. But I do think there has been a reluctance to get the poor deeply involved in these programs in Chicago and I think Woodlawn stands out as a model exception and I have supported some special funding for them. I think you have to get them to feel that they have some control over their own destiny.

I was very proud that the summer interns in my office went over to an area of 96 families, six blocks away from the Capitol, and they worked with them. They did not put 5 cents into it. Every penny that came from that project came from the community, but they gave them a sense of organization, a sense of being. They may have been discouraged and disappointed and disillusioned about what they had—but they tried to say there could be something better.

And we went over to investigate the officers the other day. We have now completely pulled out; these families are organized; they have cleaned up the neighborhood. They are policing. The Sunday crap games have been dispersed; they have cleaned up one lot where the children can play; and they worked out the railroad car parking problem with the companies. They have really started and managed it in that two-square-block area.

We have seen, this summer, what people can do when they have just a little sense of direction, a little help, you might say, a little technical service.

If you have read the Home Ownership Act, you will see that no eligible borrower can be eligible in a local community unless he provides these technical services and the kind of groups we want to go to are the groups like the Lambert Street project up in Philadelphia, which has 400 churches involved. It is a local community development project and they provide these services as the Bicentennial Civic Improvement Corporation does in St. Louis. So, what you have said, I am completely in accord with.

Dr. Starr, when you are defending public housing, and there has been, I think, a legitimate, academic, and scholarly attack on public housing as well by politicians, would you defend the Robert Taylor homes in Chicago as providing the kind of housing for the money put in, that should have been provided to essentially rural, southern Negro families coming to an urban community and being put in this type of public housing?

Mr. STARR. I am afraid I do not know that particular project but if it is anything like the Pruitt Igoe project in St. Louis, I certainly would not support that.

But I think the key to successful public housing is the will, the political will of the local municipality to make this housing work. Without that will you cannot get good public housing, or any other kind of housing for the poor.

As I said at the very beginning, these decisions as to where you are going to build housing for poor people or where you will permit them to build their own houses, in what sections of the city, how much money they will be allowed to spend for them on each house, are political decisions. They must be made in a highly diverse and bitterly split society. These are argumentative.

In New York City, I think the successes of public housing are due to the fact that the city administrations have for years been devoted to providing good housing for the poor.

If you regard housing the poor as merely a way of getting them out of the way of certain necessary public improvements, or if you regard it simply as getting them out of an area that might be developed by private industry for people of a higher income, if that is your motive, you won't get good housing no matter how it is financed or no matter who the ownership is. I think that is a very important key.

Senator PERCY. I would like sometime to take you through these projects. I have lived with them for many years down in the south side.

I am convinced that simply because high-rise apartments have worked for high-income people does not mean high-rise apartments work for low-income people. If you can walk through and stand the stench of urine; if you feel you can safely take your life in your hands and go up one of those elevators, or up one of the dark hallways; if you talk to the women that go up there; and if you picture a mother with seven children living on the 16th floor trying to watch her children as they play down there—28,000 people packed into 28 buildings, 4,000 families, I think, share one 50- by 100-foot playground that is supposed to take 1,000 children—if this is living and if this is what our approach has been, I think you will agree it is a total, dismal failure.

We have 187 full-time policemen that try to make it safe for these people to enter their buildings. Quite often, you can't get a milkman to deliver milk up there. One of them told me he would not deliver milk for $5 a gallon in that building. He was robbed three times the first week he tried. He said, "None of that for me."

Is this the kind of living we have designed for these families? They are the kind of families we have known were coming up from the south; this is the kind of project we have put them in.

I think it has been a total, dismal failure and we have to find some better approach than this. Mavbe in New York you have solved this problem but we have not in Chicago.

Mr. STARR. Senator, why don't we make a joint date? I will come out to Chicago and go through Robert Taylor if you will come to New York and go through General Grant which is a 19-story housing project which my organization fought bitterly. We said, you can't put low-income people in 19-story buildings, and, indeed, nobody wanted to.

But it is the Congress of the United States that sets the cost limits on public housing per room and it is the administration that sets the limits per unit, administratively, and that is what we are up against.

Once we have to put in an elevator, and once we have to make it fireproof, the design comes out of these economic forces.

You come to General Grant with me and you will see that you can go up in the elevator without a revolver. I will take you to plenty of old buildings in the city that are five stories, or four stories high, where the stench is precisely as you have described it. The fear is precisely as you have described it. These are privately owned. I don't think the dismal conditions you describe are a necessary part of public ownership.

Fundamentally, as far as I am concerned, the bad conditions reflect the amount of money that is made available to be spent, and the will of the people who actually put up the housing. Do they want to do a good job?

Senator PERCY. Mr. Chairman, I would like to ask one more question and I think it would be a useful exchange because I really feel that as we experiment in trying to find ways to make our cities better places to live and work, we have to look for good examples that have worked in our kind of society in certain places and translate them to other cities.

Could I ask the question whether in the total city complex, why there are many European cities at the moment at least which are better places to live and work than American cities, parts of Detroit, parts of Chicago, Newark, and so forth?

Can we learn anything from European cities from the standpoint of layout, from the standpoint of problems of crime, housing, whatever it may be?

Are there places we can go in Europe to bring examples of cities that are much older than our cities in this country so it is not just an age of a city that is the key factor that contributes toward the poor quality of living, but where they have found a way through the ages to have a large number of people live together in a much more pleasant atmosphere and climate, free from fear, with open spaces, with well-cared for streets, and with a sense of civic responsibility in the people that will not literally make the city by Sunday night, after the crews have not cleaned it up over the weekend, a trash barrel from one end to the next?

I just don't see that in European cities today. They are the same stock of people that a lot of us come from. What has happened over there that has enabled them to keep their cities a little better or is it just that I went into the wrong sections of European cities and the wrong sections of American cities when I have gone around?

Mr. STARR. We have already agreed to go to Chicago and New York. We can——

Senator PERCY. I want you to know that I do not take any European trips at Government expense. Any proposal you make now that we both go to Europe, we will be paying our own way.

Mr. STARR. Unfortunately, I do not make any trips at Government expense, either, but I think it is important to keep in mind very great socioeconomic differences as well as differences in political tradition. I do not think that the demiparadise that we see in Europe when we go as tourists necessarily exists.

I was reminded by what Dr. Levy said about homogeneity being death.

If we went to Stockholm or Finland, there we have a high degree of homogeneity. Yet, those cities seem lively. The suburbs seem lively, to me.

One essential difference there, I think, and again I approach this from an economic point of view, is that Government ownership of land and city ownership of land outside tne boundaries of the central city, itself, has enabled the city to make a kind of development which the cities of the United States are unable to make.

But, there again, it is within the framework of a much more homogeneous society than ours. Again I fully agree with Dr. Michael. I am just uttering prejudices. I have no statistics to back up what I am saying.

Chairman BOLLING. I would like to break in, if I could, for a moment.

Isn't there a relatively simple set of facts? Aren't the cities of the United States inhabited by more diverse culture groups than are most of the cities of Europe? That is an established fact. That is not prejudice.

It would seem to me that would have a good deal to do with the pertinence, with the reconciliation, if you will, of Mr. Levy's and Mr. Starr's remarks on homogeneity.

Mr. LEVY. Yes.

I might comment, having been to Stockholm and to Paris as a tourist, about some of the things that struck me about those cities, where, particularly in Paris, there is precisely this mixing of rich and poor in the same neighborhood. It is quite possible to find them in the same building, I am told.

Persons of affluence live on the first and second floors of a dwelling, and on the third and fourth floors we find people of very modest means. I think that this enriches the city. Not that I am recommending that we maintain an impoverished class to continue this sort of thing, but class differences will always be with us, I am convinced, in one form or another.

I would disagree that Sweden is a homogeneous society, incidentally, although it is more homogeneous certainly racially, ethnically, and socioeconomically than ours. But, within the city of Stockholm there is diversity and that diversity is enforced, if you will. In the old city of Stockholm, the zoning regulations are so stringent that it is impossible for anyone who owns a building in that area of the city to change the facade unless his plans are approved by the central city government. Part of the criteria of that is to maintain the essential quality of the old city of Stockholm which is a marvelous place to visit, as you may know.

There are other kinds of controls. One of the things about our cities, incidentally, which relate rather indirectly, I would say, to the American character as opposed to many European characteristics, is our insistence on a lack of control over private enterprise.

Within the city of Stockholm, for example, I am told it is extremely difficult to cut down a tree. There must be many clearances made with the central city administration to cut down one single tree. I happen to know the person who is in charge of giving those clearances. He is a retired botany professor who loves trees. He has told me that he will not permit anyone to cut down any trees unless, of course, they are sick with some disease, or for some other good reason.

Senator PERCY. We should get him in Chicago because the greatest destroyer of trees is Mayor Daley. The women of Woodlawn have to ring themselves around trees to try to keep them from destroying our parks and putting in concrete pavement.

Mr. LEVY. I live in Hyde Park and I am very sensitive about this particular subject.

Senator PERCY. I hope you were down there protecting those trees.

Mr. LEVY. I was doing my best, and my best and the best of a lot of other people, did not help very much in that situation.

But the general point that I think should be made is that the American character for better or for worse—and I am not here being judgmental—is of such a temper that we react very badly to regulation, whether it be Government regulation or any other kind of regulation, and we insist on our prerogatives.

Sometimes these prerogatives on the part of private enterprise work contrary to the public good. We see that in what is happening, which is more important, in my opinion, than the cutting down of trees in Hyde Park, to our own lake.

I live near Lake Michigan. I value the lake as a visual thing, as a functional thing, to swim in, to boat in, to walk along. I shudder, privately, when I think about the possibility that in 20 years we are going to have another Lake Erie on my doorstep. I am worried about that. Other people are very worried about it.

I am very happy to say Mayor Daley seems to be worried about it, judging from his latest pronouncements on the subject. But the steel companies which are largely responsible for dumping effluents into Lake Michigan don't seem to be sharing that concern. At least they don't communicate that concern to me.

Representative GRIFFITHS. It seems to me that one of the obvious differences between American and European cities is not only that we have a more diverse group of people who live in the cities but the real truth is that we have a diverse justice in our cities. We are not rendering the same justice to everybody. That is all there is to it.

We can profess it as long as we choose; we just are not doing it that way. Therefore, you create a more unsafe area. I think if we would just change that one thing, which would not cost any money at all, we would go a long way toward creating safety.

Mr. MICHAEL. Two other observations on that.

One, the unhappy one that apparently European cities, not all of them, but many of them are beginning to be subject to the same kind of difficulties we are describing in ours—again the data are not good on this—but this seems to be in some substantial part related to affluence.

The garbage in our cities is partly there because this is a throwaway society. In asking in a couple of European cities this summer, how come the streets were clear of garbage, the person who knew American cities said, "Remember, we don't have throwaway bottles and things. People keep these. We are not a rich community."

I think we are a throwaway society not only when it comes to packages and bottles but to cities and lakes. But what one can do beyond this kind of speculation in terms of understanding the motives and dealing with them is, I am afraid, one of these long-range problems, and we may have found that we have thrown away the situation before we have understood it.

With regard to imposed standards in other cities, European cities, certainly my experience has been the same as Mr. Levy's. The standards are positive as well as negative. For example, obligations to keep the area in front of a privately owned shop clean. This is part of the requirement; this is the law.

You can't put up signs that pollute the visual environment the way we let ours do. Again, I think these things are interrelated. You cannot very well make a pitch for making a better environment in the city when you leave large areas of conduct free to pollute themselves and others as we do.

Senator PERCY. I would like to say, Mr. Levy, we did put a bill in, I put it in 3 days ago, to update the 1924 oil bill, which looked to me as I read it, as though it was written by shippers and oil companies. After the recent oil pollution incident we had, Michigan really cracked

down and effectively charged the steel companies and shippers to stop polluting now. I think we will solve that problem.

We are faced with a dilemma on job creation, getting back to the poverty problem. How do we really get at the hard-core unemployed; how do we create enough jobs?

There is a proposal by Senator Clark that a $2,800 million fund be established for the creation of jobs for public service. You sit here and you look at a $28 to $30 billion deficit; you look at all the other problems we have; and it is a matter of priority.

Senator Ribicoff and I put a bill in the other day to give the authority to the President to scoop off 2 percent of all nondefense spending, which would give him a fund of $1 billion every year, theoretically for jobs, making jobs a high-priority item.

He could take this money away from other projects that Congress has appropriated money for. Could you give us a sense of urgency? How high in priority—of all the priorities we have of spending down here—the creation of jobs? Maybe the work has to be created.

It would be in all these areas you are talking about: The maintenance, cleanup, I hate to say it but it may be going back to some of the leaf-raking jobs that didn't solve a recession at all, or the depression in the 1930's; but for a family like mine, when my mother became a WPA violinist in an orchestra as an unemployed musician, it was the only source of income we had. That $90 a month kept our family together.

How urgent is the problem of unemployment now, and families continually staying on relief, and how high, once we move up the priority, a massive program of job creation?

Mr. STARR. This brings me back to my original point about a program of sanitary and storm sewer separation.

I have very little faith in just the words "job creation." We have to start with something that we want to do. Saying that we ought to create jobs is like exhorting someone else to develop imaginative programs. Telling somebody to be imaginative is a futile exercise. If he has imagination he will use it. If he lacks imagination, exhortation will not give it to him.

Now, I have looked at the cities. I feel that of all kinds of public works, the separation of sewers involves the highest percentage of common labor. Something like 28 or 30 percent of the total investment in sewer separation goes directly for direct common labor.

One of the permanent advantages of the WPA was its contribution to water depollution. For the first time, the level of "BOD" biochemical oxygen demand, in our streams was reduced during the WPA days. It seems to me that this was the kind of program that would create jobs and I consider this of vital importance. Furthermore, it is prideful work because it is doing something of national importance.

I think the great trouble with leaf raking was that it was undignified to the individual and undignified to the country; the country would not support it. The problem is that every time I talk about this I see a glazed look come over people's eyes. They came to do something about poverty and they did not want to do something about sewers.

It is my feeling that we attack the poverty problem best, taken generally, by thinking of serious permanent national needs and developing what I call a strategy of cross commitment. I can have a commitment to end poverty but I get nowhere with it; I don't really attack it; until I use other commitments to achieve other national goals.

I would urge that this is the kind of program which will create jobs of the very special kind that we need because what we are suffering from is a tremendous degree of male adult unemployment in our cities today, just in the places where it hurts most. This is the kind of work that they can be put to.

Representative GRIFFITHS. The biggest problem is female unemployment.

Mr. LEVY. Senator, I would just like to interject a comment about your question.

If I can just change the emphasis of your question, I think it would reflect my own very strong concern in this area.

I agree with you that employment is extremely important for many, many reasons, and I could go into a long discourse on mental health aspects of this which I won't because I think much of it is quite obvious.

But I think rather than talk about jobs I would like to talk about careers. I think this is an important distinction and I think that it answers some of the issues which come up when we talk about jobs, about leaf raking and makework and even some things that have, as a short-range goal, very laudable goals, such as beautification—heaven knows we could put to work in Chicago, as you know, any number of the unemployed right now simply at beautifying and maintaining that city.

I could point out a dozen projects right now that I would want to see people employed on. Of course, if they could be paid a good wage that would be fine, but, I don't think it would get to the problem we are talking about.

The problem we are talking about has to do with the development of careers, the development of expanding opportunity for people—not putting them into a dead end manual labor job but rather putting them into a situation which allows for them to apprentice themselves, allows for them to learn, allows for them to advance in normal progression.

I can give you some examples of a small way in which we try to do this in the mental health program in Illinois. We created, recently, through the Civil Service Commission in Illinois two categories of workers, both career lines. One called the mental health care worker, the other called a mental health rehabilitation expediter series. These are new titles.

At the lowest grade of these jobs, we can take practically anyone. We take them in and we train them in various aspects of the care of mental patients and community work that is necessary in establishing programs for the mentally ill. However, coming into that and completing that training and completing a certain number of years of service on the job, these people are eligible for promotion and eventually can work their way up in a career ladder to a supervisory position where, in effect, they are professionalized people and they have a dignified and interesting horizon in front of them.

I know this is being taken seriously in New York. In New York, I know that the mental health department has set up their social worker career ladder series, which I think is of interest to look at because there they will take a person with 2 years of college and for each 2 years of work that he does in the system they will send him

back for 2 more years of schooling up to a doctoral degree if that is the person's desire and if that is within his ability.

I think these remarks pertain to labor unions and then they pertain to private employers equally well. I think we have to open up within our systems opportunities for the Negro. The unions, I would say, are at fault here as much as private industry.

In opening up apprenticeship training programs to poor and admittedly unskilled people, and Negroes in particular, but opening up legitimate opportunities for career development, this is where I think a good deal of our emphasis should be.

The creation of jobs is not difficult. It is not hard to manufacture jobs. It is not hard to think of things that need to be done and to put hands to work.

Chairman BOLLING. Except for one point: We have not done it.

I would like you to be a little more specific, and I think I am aware of at least some of them, about the benefits, the multiple benefits, from your proposal that we spend a vast amount of money on storm and sanitary sewer separation.

I am talking now not about the benefits in terms of the creation of jobs. I am talking about the other benefits.

Mr. STARR. As you undoubtedly know, Congressman, all of the cities of the United States have combined sewers. The type of sewer that we have was originally designed solely for the purpose of getting storm water off the city streets.

In the middle or the latter part of the 19th century, when we learned something through Pasteur, primarily in Europe, about the impossibility of keeping dry water closets and privies in crowded cities. The effluents of the house sanitary systems were permitted to go into the storm sewer. Every since then, we have had such a combined system.

Now we have started to build throughout the United States sewage treatment plants for dealing with municipal sewage systems, for taking the flow of sewage and treating it so that when the water goes back to the natural water course the biochemical oxygen demand has been reduced. It can be reduced as much as 90–95 percent, depending on the number stated in the treatment of any plant.

This works fine in dry weather, because the flow is a flow entirely of the sewage water, the sanitary sewage. On storm days the sewage treatment plant does not function at all. The flow is so much greater than any plant in the city can handle, the water is shunted around the plant and into the body of water that it would ordinarily protect.

Now, it is a fact that the storm not only takes the waste at that particular time when it flows into the natural water course but it has a flushing effect of clearing out things that have hung up in the pipes. For weeks or months after a heavy storm the effect of the sewage treatment plant in the city is completely vitiated.

Our mayor in New York City recently dedicated a $178 million sewage treatment plant or he laid the cornerstone in which he said that on rainy days the entire investment of $178 million would be completely worthless; it would be totally bypassed; and in any season in which we have rain storms, the East River into which the effluent of that plant flows will be exactly as though no such plant had been built. This is a very serious defect in our whole collection system.

Perhaps the worst feature of it is that this defect provides an excuse for the industrial plant that discharges directly into the same stream.

It provides an excuse for the municipality that does not want to go to the second or perhaps ultimately the third stage sewage treatment, for not making the investment required because they may say, "Look, what good is it going to do us to make this additional investment when we have this fundamental weakness in the whole collection system?"

But the costs of separation are great. The figure of $30 billion is often given as the cost of separation—my own view is that this is trivial; it is going to go well over $100 billion and approach $200 billion. The costs are so great that nobody wants to even discuss the matter because it is so painful. Yet sewer separation must come if we are going to preserve even our natural water courses at their present level and it ought to come now.

Chairman BOLLING. The reason I asked that particular question is that I wanted the record to have it in it. I happen, because of my own experience, to have some awareness of it.

I still want to get you to expand even on your very eloquent statement. What would be the benefit—it is so obvious to you that you don't say it; it is so obvious to me that I just barely remember to ask it—what would be the impact of this kind of shift?

Obviously, you would have an effective treatmen' consistent'y, 365 days a year, of your effluent. But, there are incredible benefits off on the other side of the storm sewer.

Mr. STARR. The storm water, itself, contains a measure of pollution. The storm water, itself, after sweeping down the streets and off the roofs of our houses is polluted by animal droppings, and bird droppings and chemical pollutants on the streets. This, too, requires some form of treatment. It may only require chlorination or something to kill the harmful bacteria. But, of course, the whole storm water system flows into the water course without treatment at the very same time.

So, this, too, requires some form of treatment which, without a separation, it can't get because if you try to put it through the sewage treatment plants your ultimate public costs are almost beyond calculation. So that, from the point of view of our natural water courses, to save the waters of the United States we must ultimately have the separation of the two systems so that we can handle both the storm water and the sanitary flow.

Chairman BOLLING. To go back to what you have already said, it would remove the excuse indulged in by so much of industry that nothing can be done about it anyway.

Mr. STARR. Right.

Chairman BOLLING. One of the things that I would like to pursue has been brought up and there has been a sort of confrontation but the dilemma, as I see it, and I would like to have some more discussion on it, is the validity of the two positions which turn out to be something like this in a gross oversimplification.

Mr. Starr says that the decision and the will, the decisionmaking willingness really of public authorities has a vast impact on the effectiveness of a certain kind of housing. I think that almost surely is clearly true.

On the other hand, Mr. Levy says, and I think equally true, that unless there is some kind of involvement on the part of, let us say, in this case, the poor in the community, that the community will break down and deteriorate.

I don't believe there is much conflict between these two as both principals seem to feel, not so much by what they have said but by their expressions.

I would like as a politician to endeavor to see if we can't put the two back together. Personally, I do not believe that either comes first. I am not just engaging in an exercise here. I think this is incredibly important that the two points of view be reconciled by policymakers because if they are not, I doubt that either extreme statement will have any particular possibility of success.

I do not know whether I make myself clear or not, but it seems to me that there is not—for a politician—there cannot be allowed to be a permanent differentiation between the two approaches to the same problem.

Is there any agreement? Would you think that that was a rational or an irrational statement, Mr. Levy? I won't be upset if you say it is irrational.

Mr. LEVY. I would not presume to call you irrational. No; there is no question that you are correct. There must be a rapproachment and an integration of the Federal level and the State level policymakers and municipal policymakers with the action and the control which is vested in the individual community.

The problem, as I see it, and this has been discussed in an extensive literature, which you no doubt are acquainted with, which has to do with the feeling on the part of certain persons that we are becoming a regimented and an overly authoritarian society where the little man has lost his voice. I think these things are generally true.

The danger that I foresee is that the policymakers at whatever level will proceed to make policy on the basis of abstracted material and their own particular opinions, whether these are based on prejudice or fact, rather than looking to the grassroots and looking to the individual citizen for essentially control and guidance but, more important, control.

What I am stating here is, in my opinion, no more or less profound than our democratic philosophy which we have, at least in our ideal statements, professed to live by in this country, local decisions are made by local people. When you take away the local decisionmaking prerogatives, I think you do something psychologically to the individuals involved which is bad.

Chairman BOLLING. Before anybody else comments, would that preclude perhaps the possibility or would it be undesirable for the Federal Government, let us say, in the field of education, to set some minimum standards?

Mr. LEVY. No; I do not think it would preclude the possibility of setting minimum standards but I would go very cautiously. My own feeling is that massive amounts of economic assistance have to be poured into our cities by the Federal Government.

Municipalities and counties and States at this point are really, in my opinion, reaching the limits of their fiscal capacities to supply the needed services to people. Their tax capacities have been so extended at this point that it is hard to see how the revenue for all these programs is going to accrue to the States.

The Federal Government with its much superior taxing capacity has a much higher potential for mobilizing revenues.

Now, at that point I think we face the choice of the Federal Government pouring this money back into the cities with standardized and rigid controls or pouring it back in with a minimum of these and that is why I do not object to your saying minimum standards because if I understand what you mean by minimum standards. They would be very minimum, somehow leaving significant control to the community.

The money really has to go to the community. I am very much in favor of Federal community contracts which have been made possible under certain Federal legislation.

Chairman BOLLING. In other words, you are affirming the bypassing of the layers of Government in between the Federal Government and the community organization.

Mr. LEVY. In some instances I would say that, particularly in the war on poverty.

Chairman BOLLING. It is clear where I am going. That would be your method of decentralization. Now I would like to have some comment.

Mr. MICHAEL. I feel, as I tried to indicate in my opening remarks, that you are attending now to an absolutely crucial problem to which we don't have an answer.

I think the urban condition, the kind of world we are moving into, means that we cannot deal with it within the conventional democratic political framework. We are going to have to make new social and political inventions. I don't know what the social forms and the political forms are that may come out of this. I am fairly well convinced they are not the conventional ones. Let me indicate two reasons why.

One is that while there are from time to time, and importantly, local community activities, an increasing number of activities which traditionally have been local community activities now become urban, regional, national, and world activities wherein the community itself, whatever "community" may mean—and I wonder what it means as Mr. Goodman pointed out in his remarks—whatever it may mean, the community, a small geographic entity of some sort, is no longer an adequate basis for decisionmaking whether we are talking about traffic, pollution control, or education. Analogously, just as the family is changing its character in unknown directions because many of the activities that once were undertaken, defined, and carried through by the family, are now undertaken by the larger social system. We have conventionally thought of community activities as those wherein the member of the community, by virtue of living there, had the right to control what happened to it because it was essentially encapsulated or at least not closely tied to a larger environment. Community members had their rights, and furthermore had the knowledge, the common experience to see what the likely payoffs were, what the right way was to do something. But I think both of those circumstances are dramatically changing.

When it comes to knowledge, we are moving into the period of long-range planning of systems analysis, of computer analysis, of data banks, data engineering, sophisticated economic theory and the like, all of which is not part of common experience either by way of factual data or by way of perception.

After all, we have just gotten around to deficit financing, some kind of crypto-Keynesianism, long after it was necessary, and clearly from things we have said this morning many of the values and perceptions held by members of communities about what is going on in the world and what takes priority and prerequsitie are inappropriate. Inevitably, the decisionmaker, the planner, policymaker, not only has to make decisions about widescale issues that once were considered community activities but has to make them on the basis of data, theory, practice, understanding, that is simply not available to the member of the local community.

Let me use education as an example. You said you would be willing very cautiously to settle for minimum standards and such. That may be all right but only until we reach the day, which we are beginning to approach, partly with the help of substantial Federal funds for research in this area, of a much deeper understanding of what is required to provide good education. How do people learn? What do they learn from? What can they learn, in what ways especially with with computer-assisted instruction? When that time comes, the local school board, working from its obsolete ideas of what constitutes good education and good pedagogy and good resources, is going to be counterproductive from the standpoint of producing effective citizens. So, at that point, which is already beginning to be the case and will increasingly be so in the next decades, minimum standards simply will not be meaningful. Major standards will be set on the basis of behavioral knowledge, knowledge provided by the kinds of sophisticated approaches we have been talking about.

How the citizen in a community—whatever that may mean—participates in the political process in a meaningful way as it becomes larger in scale, more sophisticated in approach, how the politician relates to that citizen in that case: these will require dramatically new ways that we have not developed yet.

Chairman BOLLING. Mr. Starr?

Mr. STARR. Mr. Bolling, I come at this problem a little bit differently because I am so deeply engaged in practical decisions which have to be made every day by local government.

For me, the question is: "How local is local?" I do not believe that a city government can delegate a veto power over its decisions to any group of its citizens. I believe that almost all decisions that have to be made, by a municipality, are argumentative decisions. There are people on both sides.

The genius of American life, if you will, has been the composition of these differences between us without violence. To the extent that they have been able to do this I think our history is unique. I am convinced that government is the best mediator of such conflicts, because government has the continuing responsibility of running the government, getting a tax bill voted, collecting money, going on.

Look at the complex arguments in my city; for example, where shall low-rent housing be built? Should the school go here? Should this highway be constructed? We can't compromise out these decisions. We can't build half a road through someone's house or put up part of a school. The city councilmen cannot come together and reshape the bill so that it has less impact on the people whom it hits. What happens is that when government, in its need to continue, develops a program in which it will accept some improvements and turn down others, the

elected representatives then have the job for their own survival of selling the decision that has finally been made to the constituents most affected.

Our hope, at least as I view our hope of peaceful accommodation and peaceful adjustment to the future, depends on the structure of a government which has a reason for effectuating these compromises.

The great trouble with community leaders, nongovernment leaders, is that they never have a motive for effectuating a compromise. Their local popularity depends on maximum intransigency.

When we go below the last governmental level of the city and say that the local community is going to have the final word, what I am afraid we might do is make this conflict permanent and I think that is a disaster.

Chairman BOLLING. Thank you very much.

Are there further comments by members of the panel?

I see we have a very distinguished tennis player with us today.

Senator JAVITS. If the "distinguished" is attributable to losing the match, then I have it.

Chairman BOLLING. You have come in on a very interesting conflict, I would say, but not major conflict.

Senator JAVITS. I would just like to say that I have rushed over here from an Appropriations Committee markup of a public works appropriation, to greet a constituent of mine, Roger Starr, who is one of our very distinguished businessmen devoting his life now to public service in what I consider a most important way.

As I appreciate that so much in the interest of our Nation, I wanted to be sure to signal my own concern and my own pleasure at seeing him here.

Are the witnesses through, Mr. Chairman?

Chairman BOLLING. You arrived just in time. I am not quite through.

Senator JAVITS. Would you go ahead and give me a minute to catch my breath?

Chairman BOLLING. Would you gentlemen like to respond further to this because I still don't see any conflict, from my point of view. I see a very real conflict from the point of view of different approaches to the same problem.

I conceive of my job as a politician to finally have to make some kind of decision as between alternatives. I don't think there is any conflict between a series of mutually exclusive levels of decision. I am convinced out of my own experience in my own community that the walls between the different communities within the community are much too high in terms at least of the understanding of the community, that certainly there is a great deal of truth that you do not have an effective democracy unless you have participation, that you do not have participation unless you have involvement, and so on and so on. I agree with all of this.

My dilemma is that I represent a relatively small area—400,000 people. My dilemma is to reconcile all these different factors in a policy that must deal with not the 400,000 people that I am involved with directly but with whatever the number of millions of people that are in the country, a country which is utterly diverse.

I was born in Manhattan, grew up in north Alabama, and I represent a medium-size Missouri city. I am aware that the kind of policy

that the Federal Government must make if we are to have diversity in the country must at the same time include standards—I say minimum, but a minimum standard could include major matters—and at the same time allow for infinite diversity.

What I am trying to find as one facet of these hearings is how do we approach that diversity?

Mr. LEVY. If I may comment briefly on what seems to be an apparent conflict here. I do not see it is as conflicting as it may have sounded through the presentation. I am a planner and, of course, I am identified with certain kinds of essential decisionmaking authority in a public agency. I know through my own experience in doing this kind of work that the experts are frequently wrong, that with all their sophistication and with their many technological advantages which were referred to by Mr. Michael, we do make mistakes.

I think the mistakes become very apparent to us and the collective city mistakes become apparent to us only when we go to the community and see what the effect of our decisions is on communities.

I am sympathetic, and I think one would have to be, to the idea that when you plan a highway system each and every community through which the highway is going to pass cannot express a veto power. This would involve an endless chain of controversy which might never get resolved.

I do know in Chicago, for example, that there has been conflict and resistance to the building of the crosstown expressway. From my own untrained point of view in looking at some of the plans that have been proposed, I think some of the segments of this expressway may have, in fact, caused devastation in certain communities and the communities were properly up in arms.

All I am saying is that the communities must be heard. They must be heard through some mechanism.

Now, when Mr. Michael poses that people do not have the technological knowledge, this is granted. Also, in his earlier presentation he said there are some things that scientists and systems people cannot address themselves to. Those things have to do with goals and conflicts between goals and what I would refer to as values.

Where do we get these goals and values? Are we going to determine them from some bureaucratic office, albeit expert? Are we going to let the social scientists say this is what the country needs and we are going to do it and we will ram it down people's throats even if they don't want it?

This will not work. American people will not accept this, as we know. To the extent they can articulate their position, they will.

I think we would be doing violence to people if we do not involve them in decisionmaking at every point where any kind of policy decision impinges on a community. This does not mean anarchy. This does not mean local autonomy to the point where one community makes a decision which is deleterious to the whole city.

Obviously, certain kinds of policies have to be made on a citywide basis. Some policies have to be made on a statewide basis, and still others nationally.

Somehow, and this is the thing I respond to most in Mr. Michael's presentation, is the plea we must experiment with new methods of involving people in the decisionmaking process. We must make democracy work. We have a mass society. We have a society which is

affluent and technologically advanced, where communication has been increased in some ways by the mass media; it is also made more difficult in other ways.

Somehow, we must get around this and confront people not with the technical problems, not to ask people in a community how you construct a bridge—that is not their purview—we are going to ask the community what their purposes are, what their goals are, what they want for their life.

Somehow, we must harmonize these demands with other demands and eventually we have to compromise.

Mr. MICHAEL. I am completely in agreement with that statement.

What I have been trying to emphasize all morning is that the desperate challenge we face is developing the means for doing so. We do not have them. I think it is comforting but ritualistic to act as if our conventional democratic forms simply need a little gimmicking in order to do the trick.

If one says, and I know you did not mean it in that sense, but it is often said that, "If we must do it it must be done."

I am arguing here that the crisis in dealing with the urban condition is not only in developing means of dealing with the poor, let us say, with unemployment, pollution, or what have you, but it is equal y a crisis in developing the administrative, the planning, and the political procedures for coping with these issues.

I feel we won't find a way out of this if we only look at the necessary but insufficient aspects of dealing with the environment "out there." It is also the planning and policy procedures that have to be dealt with, and political procedures, too.

Chairman BOLLING. Thank you.

Senator JAVITS. I have one question I would like to address to all of you.

I serve on a number of committees, of which this is one, which deal with these problems, Government Operations Committee, the Labor and Welfare Committee, and the Poverty Committee. One thing that seems to be agitating us philosophically, raised by Mr. Starr's paper—although I have not had a chance to dig into the others, I am informed by my assistant, Mr. Grossman, who has marked up Mr. Starr's paper for me—is whether the fundamental issue here, leaving out the question of family disorganization, is the economic, whether the egg comes first; to wit, you have to get a man a job, upon that everything else can be postulated, or whether the chicken comes first; you have to get him a decent home, a better chance to educate his children, and a nondiscriminatory climate for a job, and then you will gradually get him out of, or redeem him from, the endemic poor and encourage him to find an economic place.

Now, this is a big difference in emphasis in the marshaling of your resources and leads to many other things like family allowances or the reverse income tax or something like that.

I just wondered if we might get some observations from each of you on the philosophical questions. One—Moynihan, I guess, is the leader of that school—says get him a job. Everything else can be postulated on that. And the opposite point of view, espoused, I suppose, by others whom you could name better than I, Charles Abrams occurs to me right away—is get him an environment; then you will win him to the posture where he will get and keep a job.

Mr. Levy?

Mr. LEVY. I hardly know where to begin with a question like that.

Of course, the environment is extremely important. If I had to be forced in a decision, I would opt for the job. I see it as the fundamental prerequisite to so many things.

Obviously, the ability to better one's self materially, to be able to acquire some of the things that are necessary, to remove a great deal of the stress which is imposed upon our poor due to the fact that they are unemployed, I see it in more subtle ways, more from a mental health point of view, where the lack of a job among the males of this country has a devastating effect on his self-image and the image of himself as a family member, I would say the job is extremely important.

Let me say that also with the job comes or should come a certain level of economic security. This in itself can go a long way in terms of bettering a lot of other related conditions.

For example, to wax personal for a moment, I live in Hyde Park in Chicago. Hyde Park is one of the few successfully integrated neighborhoods in Chicago. I say that but always I sort of catch myself up on it because there happens to be a very big proviso and that is a Negro can move into Hyde Park if he can afford to pay the rents and the rents are very high. If a Negro can afford to pay the rent, there is no barrier that I know of to his moving into our neighborhood.

If you give him a job with its concomitant economic security, I think you increase his mobility, you increase his self-esteem, you increase some of the potential for family stability and make an all-around healthier citizen out of him.

I just want to qualify all these remarks with the observation that although I know there is a need for allocating resources, I would hope that we could proceed to follow Professor Abram's admonition along with the creation of jobs and solve some of the other problems concurrently. I am not convinced it is an all-or-none proposition.

Senator JAVITS. Mr. Michael?

Mr. MICHAEL. I agree.

I am convinced that it is an "all" proposition. That is, saying "get him a job" really means, as you have said in some ways, and in some other ways we could add, too, "give him a proper environment." Because you can't just have a job. It has to be a meaningful job, as Mr. Starr is pointing out.

But if it is a meaningful job, this implies a major change in the society's attitudes toward work and toward the opportunity for work for the poor. The kind of profound change involved in doing what you want to do with sewers, Mr. Starr.

So that, to my mind, the distinction between either a job or an environment is a pseudo distinction. What the real question is, are we going to deal with the issue of the poor and the dispossessed or not? You just can't kiss it off by providing a job. You can't kiss it off by providing an environment. One implies the other, so far as I am concerned. Both imply a kind of commitment, if the job is to be meaningful or if the environment is to be meaningful; that we have not begun to make.

Senator JAVITS. Mr. Starr?

Mr. STARR. Senator, as I pointed out in my paper, I am on the job side. I believe it is a very, very difficult challenge to provide these meaningful jobs.

I start by examining the national goals which I think would produce those jobs as an incident, rather than with a desire for deliberate make-work.

Yet I feel very strongly, as I am sure you will agree, that there are many people afflicted by poverty for whom a job is not the answer and who need other programs and very important programs, as well.

We cannot forget the product of the long-disorganized family and what has to be done with that. But I do feel, also, that in dealing with these social problems we must not create obstacles to the kind of decisionmaking which will produce these jobs in the public sector.

It is this point of the possible cross blocking of one Government program by another that I am afraid may impede our efforts to create the kind of jobs that we need so desperately in order to bring a large part of our population out of poverty.

Senator JAVITS. Thank you, Mr. Chairman.

Chairman BOLLING. We thank you all for, to me at least and I am sure to all the other members of the committee, a very stimulating conversation.

The committee will stand adjourned until Monday at 10 a.m.

(Whereupon, at 12:20 p.m., the subcommittee recessed, to reconvene at 10 a.m., Monday, October 2, 1967.)

URBAN AMERICA: GOALS AND PROBLEMS

MONDAY, OCTOBER 2, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON URBAN AFFAIRS
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to recess, in room S-407, the Capitol building, Hon. Richard Bolling (chairman of the subcommittee) presiding.

Present: Representatives Bolling, Reuss, Griffiths, and Widnall; and Senators Proxmire and Percy.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Richard F. Kaufman, economist; and Donald A. Webster, minority economist.

Chairman BOLLING. The subcommittee will be in order.

This is the third of our 5 days of panel discussions on "Urban America: Goals and Problems." This session is a little different from the other four, forming a bridge between the first and the second halves of our discussions. Two or our panelists, Mr. Charles Kimball, president, Midwest Research Institute, Kansas City, Mo., and Mr. Wilbur R. Thompson, professor of economics, Wayne State University, have addressed themselves largely to the functional problems with which we were mainly concerned last Thursday morning.

A third participant who was scheduled to be here this morning is one of the joint authors of a paper in part III of our compendium, Mr. Royce Hanson, president, Washington Center for Metropolitan Studies. Unfortunately, Mr. Hanson is ill and cannot be with us. We wish him a speedy recovery. Finally, we are indeed honored to have with us this morning, as one of our participants, our colleague, the Honorable Thomas Curtis, Representative from St. Louis, Mo., and ranking minority member of the Joint Economic Committee. Mr. Curtis' paper was in part IV of our compendium devoted to the private sector.

Everyone has had an opportunity to read the papers by our distinguished panel. So, as is our practice, we will give each of you, more or less, 5 minutes in which to summarize your position and state any changes or additions you would like to make in view of the papers which you have had a chance to see. We will then proceed with the informal questioning that we have followed in previous sessions. Congressman Curtis, will you lead off?

STATEMENT OF HON. THOMAS B. CURTIS, U.S. REPRESENTATIVE, SECOND CONGRESSIONAL DISTRICT OF MISSOURI

Representative CURTIS. Thank you very much, Mr. Chairman. Let me say how pleased I am that your subcommittee has embarked

upon this study and how impressed I have been with the papers that you have been gathering.

I would like to stress four points that I tried to bring out in my paper. I think the primary point I am anxious to stress is, how did the high-rise city come about in the first place? Too little attention has been directed to this, and I think we have just assumed that the high-rise city was a normal and permanent development.

I would argue quite the contrary. The high-rise city is something that is quite unique and occurred in the latter part of the 19th century and the early 20th century. It developed because of mass production and mass employment, being based on coal as the primary source of energy, which required a concentration of people.

In 1920, we had two very basic forces cross each other: One, electric power, which enabled plants and so forth not to be confined to a central area, and the private automobile, which gave mobility to the worker. With these two forces now at play, it seems to me, the reasons for the high-rise city are going to go down the drain and to a large degree these efforts to try to preserve the high-rise city are those of vested interests. Yet, I can sympathize with their problems.

But on the other hand, I think that we have to look to what the movement is.

Now, it is interesting to me that we had one great city that did become large, really, after 1920, and it was described as the sprawl-type city; namely, Los Angeles. I never did deve op into high rise.

Well, these are underlying historical and economic factors, I think, to which attention must be paid.

The next thing is what my paper devotes its main attention. This is the method of financing community facilities—education, sewers, fire, police, all that go with operating a community. Our communities have always financed themselves largely in tax on wealth. The property tax is the only wealth tax we have in our society. The Federal Government taxes income, which is economic activity, and the States tend to tax economic transactions, sales, and so forth. But the local communities tax wealth, which I argue is probably the soundest of all the taxes, the one tax that goes with economic advancement because, in effect, it is a deterrent on hoarding. If you have a good property tax you encourage good property utilization.

Notably, we have had no wealth studies since the early 1920's. Our Subcommittee on Economic Statistics went into this subject at some length on the basis of some studies that the leadership of American universities did. The importance of studying wealth is because this is the base of the property tax.

Then, secondly, we—and I am talking of the scholars—have neglected the real property tax itself. Richard Netzer with The Brookings Institution published a book—I think it was a year or so ago—on the real estate property tax.[1] The preamble said this is the first comprehensive study on the property tax in 40 years, indicating the point I am seeking to make. In these two basic things, the property tax and wealth studies, which so vitally affect what we do in our cities, have been lacking in scholarship.

The fourth thing I want to add is to be sure you have included in your hearings a study by Herbert Hill, "Demographic Change in

[1] Netzer, Dick, *Economics of the Property Tax*, Washington: The Brookings Institution, 1966.

Racial Ghettos, the Crisis of American Cities." What I have here is a reprint from the Journal of Urban Law, University of Detroit, in the winter of 1966. I would like to request that it be made a part of your record in some way, and I would like to direct attention to one key point, page 283 of the reprint:

> But the problems of our large urban areas are inextricably intertwined with the problems of the racial ghetto.

I am convinced that this is so and, of course, I think this study by Mr. Hill pinpoints it, but I would like to make an observation there. (See p. 99 for study referred to.)

The movement out of the center city had been occurring before the Negro began to really move into the city. So this identification of the white people, as it were, moving out of the center city because of the Negro is an oversimplification. Essentially the Negro is a rural dweller moving into urban areas, and the problems that we sometimes identify as Negro, I would argue are really problems of the rural dweller coming into an urban environment. Many of our immigrants came from rural Europe to a large degree rather than the cities, and we saw similar problems. I think that this key point needs attention to understand what is our problem. This point must be studied in addition to the fact that already there was a movement out of the big cities into suburban and rural areas for the reasons I described, the coming of electrical power and the automobile.

So, those are the points I thought I would like to stress.

Chairman BOLLING. Thank you very much, Congressman Curtis.

Mr. Kimball?

STATEMENT OF CHARLES KIMBALL, PRESIDENT, MIDWEST RESEARCH INSTITUTE, KANSAS CITY, MO.

Mr. KIMBALL. Mr. Chairman, I won't go over the entire statement that I have made for the record, but I would want to clarify one point and expand on another.

In the paper which I prepared I made the statement that there is current enthusiasm for planning new cities. It is quite prevalent among American scientists and technologists, and this appeal is quite natural because most scientists are normally trained to look for ideal laboratory conditions and if they can design a city from scratch on virgin land, concentrating on hardware and putting in the people last, this is an ideal circumstance.

My comments could have been misinterpreted; for example, by people like Jim Rouse, the developer of Columbia. I don't mean by the statement that new towns and cities are not useful, particularly as a demonstration of what a technologist can do, but I do mean that the proliferation of new towns could offer an easy way out, if you will, for many of my technical colleagues who may find the problem of fixing up old cities quite complicated.

The fresh start on new cities has a very natural appeal, but it does delay appreciably the big job of improving the Pittsburghs, the Nashvilles, and Kansas Cities.

The second point I want to make which represents the majority of what I have to say here this morning, is to expand on my comments in the prepared paper about systems analysis as a tool for solving urban problems.

My written remarks appeared not to have been contested by any other of the authors in the published collections, so I want to add a word or two on that score, particularly a word of warning, if I may.

First, I should say that I am very impressed by some of the changes I see taking place in the country. Most important is the increased understanding that systems analysis and other contemporary tools of problem diagnosis and solution can indeed be applied to civilian and social problems, just as they have been so successfully applied to the problems of space and defense, particularly with reference to hardware.

In my mind the systems approach is an overworked and quite poorly defined term, but it can be descriptive, and to do this I would use three characterizations. The first is an interdependence between systems, subsystems, and the whole problem. The second is that this provides for performance characteristics which have anticipatory aspects, and the third is that it requires a full awareness of the fact that an economic analysis of the social cost of any one part of the system must recognize its impact on all the other parts.

Chairman BOLLING. Mr. Kimball, I don't like to interrupt a witness, but I would like you to say what a system is so that we get this record absolutely clear.

Mr. KIMBALL. Well, systems analysis had its genesis, Mr. Bolling, at the beginning of World War II, when there were complicated military systems, and it became clear that people had to analyze the various contributions of the constituent parts and look at the system as a whole. It also relates to operational research as a new technology.

Chairman BOLLING. What is a system?

Mr. KIMBALL. A system is a city—the city in itself is a system. For example, we have to make sure that we don't fix up the streets without doing something about the lighting. We can't afford, for example, to have massive garbage disposal plants without paying attention to air pollution which is generated. These are all individual parts, but the result is the system.

Chairman BOLLING. I understand. Proceed.

Mr. KIMBALL. Now, I want to make this point, Mr. Chairman. Systems analysis, as I want to talk about it here, has been overworked and overplayed. It is essentially a point of view, and it is supported by many useful techniques and devices. It is a good discipline, with respect again to cities, because it demands that we consider problems as a whole, that we define our terms, that we separate ends from means, that we identify true costs and, above all, that we understand the relevance and the priorities of countless interfaces between everything that goes on in the city.

The use of systems analysis is not a simple black-box procedure, where a number of experts each makes his own little black box, that is purported to solve the city's problems. It is not a circumstance that can be solved by a computer, because too many of the forces that are relevant to the problems you are discussing here cannot be quantified.

The total point I am trying to make is that the technology to solve the problems of cities, or much of it, is already available, virtually on the shelf. It is going to require people who know both the technology and the problem of the city to use it.

Now, this systems analysis does provide a way to make some major dents in the problems. But we run into several limitations. The first one is that there is a serious shortage of human resources to apply these techniques—some of which are already on the shelf. Systematic analysis of any city's problems requires all the skilled assets that you have been talking about in these hearings. Interdisciplinary groups are needed because there are so many variables in the system, whether it be a transportation system, a health system, or a good city management system. The people involved must be systems oriented, which in effect says they must not be purely specialists. They must be multilingual, if you will.

They must obviously have a good understanding of the system being analyzed. They must have what I call a coherent approach, meaning also that they will listen. They must also be locally oriented when the problems are local; that is, fully aware of and sensitive to the peculiarities, the personal quirks and folkways, the social and business customs of the city they are dealing with, and these factors differ markedly one city from another, one region from another.

These people I am talking about—these multilingual people—must share in what could be described as "the wisdom about the more subtle relationships in the area they are working in." It is clear that a problem in Portland, Maine, is different from Portland, Oreg., and requires a different point of view.

Perhaps I could say that, like a good salesman, our systems man must know the territory.

A second major problem, Mr. Chairman, in the application of systems analysis to urban problems, is the need for exposure time, a period of initiation and incubation during which the local government people and the private leadership can get used to the systems approach and not attach to it the mystique with which it has been so liberally endowed.

It will take years, not months, for local governments and State governments to convert their affairs, for example, to the programing, planning, budgeting systems approach. Especially will this be the case for the early pioneers, using PPBS.

Yet, at MRI, which I head, we believe that within a decade most major cities will have to make this switch, as now Federal agencies are doing to such a degree.

If State, local, and regional governments can adopt these formalized management approaches as rapidly as private industry has adopted formalized long-range planning concepts, they will be doing very well.

The third problem relating to systems analysis is that of money. Well-designed and well-managed systems in the public sector are not likely to cost less. They may well cost very much more. Their virtue is that they will likely also produce much more, way out of proportion to the increased costs.

Once local governments are ready to move they must have new funds to work with, since the old systems cannot be closed down while the overhaul takes place.

Federal funds which recognize this need are available now, but virtually all of the existing aid programs, as I understand them, offer only piecemeal assistance.

Finally, there is a very real problem of implementation, getting things done which I mentioned in my paper. All too often good systems analyses ends up on the shelf, like so many potentially useful research reports, because nobody has thought through in advance what he is going to do with them when they are completed.

It is too easy when a person is surrounded by charts, flow diagrams and computers that are full of cost data to underestimate the real cost of human inertia at the application end.

Now these points are particularly true of our systems management problem. For example, MRI recently completed a systematic analysis of all of the forms of Federal aid available for one large city government. Rather than simply cataloging Federal aid programs, we attempted to establish cost-benefit ratios for each channel.

Now, the point is this: It is obvious that it costs a city government a great deal more to obtain a dollar of aid for one purpose than for another purpose, whatever those two purposes may be. During this study we found not only that this particular group had never measured their investments in these programs in terms of the time to process applications, counterpart funds, predicted time delays and the like, but that there was a surprisingly large number of high return on investment programs which they had never even heard of. This was a city larger than San Diego, with a comparatively competent city hall staff. The project was an eye opener for them and for us. But, it is going to take a long time before the study benefits are completely assimilated.

I bring this up as sort of an example of a highly applied systems analysis which is likely to help the people you are concerned about most in the near term, innovation coupled with technical skills and with social and economic incite.

Then there is another element, too, which might come out in the discussion and that is the strong desirability of transferring certain techniques which have already been developed in certain public sectors, transferring those to the problems of city government. That is all I have at the moment.

Chairman BOLLING. Thank you, Mr. Kimball.

Mr. Thompson?

STATEMENT OF WILBUR R. THOMPSON, PROFESSOR OF ECONOMICS, WAYNE STATE UNIVERSITY

Mr. THOMPSON. Mr. Chairman, it is a somewhat uneasy pleasure and honor to be here. I was assigned the task of writing a paper on goals, and this is not a comfortable task for an economist. My first impulse was to speak very quickly of goals as products, as states to be attained, as ends. I would have, I think, written about high and equal opportunity; I would have written about pluralism and variety and choice as ends of an urban society.

Because there were other papers to be given on goals, I thought that I would try to supplement the others. I chose a somewhat different tack, and I am not sure whether I succeeded or not, but at least I became very interested in the "goal" of having a process in the city that would produce a good society.

Now, let me not be mystical. I think that in the last analysis, I really don't care whether I live in a star-shaped city or one with or without mass transit, in any kind of ultimate way, but I would

like to live in a city which is not intellectually arrogant. This ideal city is always trying to learn about itself. It is very humble about what it really knows.

I would like also to live in a city that has the courage to face issues squarely and make mature, explicit decisions. I would like to live in a city where there is a great deal of pride in skillful management of that city, especially the public sector. I would like the public managers—the public officials, entrepreneurs and/or leaders—to be imaginative, inventive, innovative, and even daring at times.

Now, let me just take time to put maybe one or two sentences under each of those concepts.

What I am saying in effect, I guess, is that getting there is at least half the fun. I gave an illustration in the paper of how I think some planners in Dayton, Ohio, really missed the cutting edge of their work because they were trying to redevelop downtown Dayton without a thorough understanding of the industrial base of Dayton. The industry mix, in this case heavy industry, generates a high and equal distribution of income and creates a group of skilled workers, but ones with low levels of formal education, none of which was very compatible with their plans. What I am saying is that the industrial base of that city was a critical part of the "system" and has not been seen by the people who were doing the physical designing.

Even when we understand our cities from the base upward to the superstructure, often we don't have the courage to make explicit decisions. I gave an illustration in the paper of how I think our citizens have chosen implicitly to have an economic system, private enterprise, which generates a rather sizable income inequality, which is partly redressed through the public sector, through transfer payments and public programs.

We have also chosen to segregate ourselves by socioeconomic class, to cluster by income in our residential arrangements. We have also chosen to have small local government and political fragmentation in our large metropolitan areas. Now, these are all implicit decisions, but they are inconsistent. One can't choose all three. One can only have two of the three, and what I think we have failed to do is to lay out clearly that these objectives are at odds with each other. We can only redress income inequalities with governments that have jurisdiction over both low- and high-income groups; we either must give up residential patterns as now constituted or small government or responsibility to redress income inequality. But I think we have naively and implicitly chosen three "goals" that are mutually incompatible.

I put some blame here, as a matter of fact, on the mass communication media for not drawing this out more expressly. I don't think it is enough to have a colored photo of a new downtown office building or to write a narrative on how to live on $38.50 a week under welfare. These are not really the cutting edges. These are not the points of decisionmaking for the citizenry.

I am very much mindful of the need to have a whole new professionalism in local public administration. I think mayors and councilmen know better than I where the shoe pinches and they may be quite right when they say they need money most of all. But I don't think that is all there is to it. I really don't believe that just feeding the public economy is a complete substitute for managing it and con-

trolling it. Local public officials are not economists so they can be excused, I guess, if they see only one function of price as a system of control. But the economist sees price and the price system as not only supplying the funds needed to carry on an activity, but he sees price as a rationing device and he sees relative prices as signals in the allocation of new investments.

Prices have many functions and we do not have in the city, particularly in the local public sector, the counterpart of the price system, and we must either simulate it or in some way or another introduce a system of control that is every bit as sensitive and subtle as the price system is in the private economy. I don't mean to disparage in any way the contribution of local public officials and I certainly do hold them primarily responsible for the inadequate economic base of local public management. Economists are at least as much to blame because they have not addressed themselves to the questions of urban affairs; so it has really been in a sense a failure on both sides.

Finally, I sometimes wonder whether or not if there is a "starved public economy," as Galbraith and others have argued, that it is mostly a result of meanness or lack of community spirit on the part of the citizens or whether it isn't at least equally due to an entrepreneurial gap. Public entrepreneurship lags, I think, behind private entrepreneurship. We ask, for example, a rather timid public mass transit sector to do battle with a very vigorous and dynamic private automobile industry. We have put various economic and political constraints on entrepreneurship and management in the public sector that are very binding.

I have no easy solutions as to how we go about getting a group of entrepreneurs and managers in the public sector that can design, produce, and market public goods that are every bit as attractive and progressive as those of the private sector, so that the public sector can be fully competitive and/or complementary with the private sector.

I will not try at this time to be very specific with respect to policy. The means of achieving a society which is intellectually alert, which is mature in decisionmaking, which takes great pride in the skill of public management is much too long a digression at this point. But I keep returning to the thought that I don't have in mind some idealized urban form in which I would like to live so much as I would like to live in a society that is evolving in a way which I find stimulating and for which I have respect. Thank you.

Chairman BOLLING. Thank you, Mr. Thompson. I will say at the outset that the procedure that we are following is highly different from that usually followed by the Joint Economic Committee. We don't have a specific time limit on the questioning by the members of the witnesses. We are anxious to handle this entirely informally and if the witnesses in response to the question from a member find that they would like to inquire of another witness as to what he meant by such and such, we want an exchange that is entirely informal and not inhibited by specific time limits. At the same time we expect that the members will realize that there are other members who would like to ask questions.

Senator Percy?

Senator PERCY. I would like to yield to the end of the line in accordance with my arrival here this morning.

Chairman BOLLING. You are as reasonable as the chairman, Senator Percy.

Mr. Widnall?

Representative WIDNALL. Thank you, Mr. Chairman, and Senator Percy.

I am delighted once again to see such a fine panel of witnesses here before use, and, speaking as just an individual member of the committee it seems to me that we have already had some very unusual and frank witnesses, and I think probably as unprejudiced a group of witnesses as we could possibly have before us, and I appreciate what has been said so far and the caliber of the approach as shown by our witnesses.

Professor Thompson, I read your paper and I don't think in your statement you said anything about mass transit and the use of funds as against highway funds. It seems to me that in the paper it ignores the need of low income groups such as Watts, to find public transportation to reach jobs in the spreadout city.

Secondly, the fact that even in the more centralized core city area of New York that 30 to 40 percent of the commuter traffic is not going in and out of the city, but around it to subcity or semicity areas. Would you care to comment on that?

Mr. THOMPSON. The statement I prepared was, of course, prepared somewhat hurriedly and it is not as complete as I would like. I argued in that statement that I think that our urban transportation systems have, in a sense, become monolithic. They really serve the needs of the middle income group quite well. The middle income group, I think, has explicitly or implicitly chosen to have private automobile transportation that is slow; that is, they choose to spend time and not money to move about with privacy in their own vehicles.

Now, I think the upper and lower income groups do not concur in this decision. I think the upper income group would prefer to travel quickly in automobiles and spend more money and less time—prefer to shift the "cost" of movement away from time and toward money. The lower income group would prefer to have much cheaper transportation; that is, spend more time if necessary to save money. So, I think in a sense we are subject to a tryanny of the majority in our cities, but one from which we could extricate ourselves. In the intoxication of writing on the novel idea of time as a means by which we pay, as well as money, I underemphasized the transportation problems of the lower income group.

But I would concur, the lower income group does not have cheap mass transit, and the mass transit they have, of course, is encumbered and slowed by the great number of automobiles running. So, to the extent that the upper income have lost fast movement in the city and the lower income people have lost cheap movement and movement to jobs which are increasingly becoming suburbanized, we have encumbered the whole system of access.

We are impoverishing the poor by preventing them from getting to their jobs, we are alienating the upper income class and driving them to the suburbs. Essentially we are getting a chaotic situation out of a monolithic transportation system and I think skillful management could undo this.

Representative WIDNALL. I believe you suggested that we have not learned to balance at a particular cost time as against money, and

we have built-in user costs in public services. The person to whom time is money does not have the option to pay more to cut down on the time spent, this is—as I understand your approach—that is a toll on one route into the city while another one remains free of tolls the first to be used by those to whom time is money. It could be some sort of an allocation of this so as to permit them to get in quicker rather than those who really have no specific object in getting to the city that is meaningful.

In the more centralized core city area of New York, I believe 35 to 40 percent of the commuter traffic is not going in and out of the city, but around it to subcity or semicity areas. Where do you think the direction and the control and the programing for a meaningful approach to a solution to this matter should be lodged? Do you think this should be through the Federal Government or a combination of States or intermunicipal?

Mr. THOMPSON. And your case is stronger for cities other than New York, because New York has an unusually high proportion going into the center of the city while the peripheral movements are an even greater proportion in Detroit or Cleveland.

There is no doubt about it that the central city is spatially inadequate to rationalized transportation and we don't have metropolitan area government. The States are jurisdictionally competent in most cases, but not all cases, because we do have metropolitan areas crossing State boundaries. If the States are jurisdictionally competent in, say, two-thirds or so of our large metropolitan areas, then we will have significant need for interstate compacts or Federal intervention. In any event, metropolitan area transportation seems clearly way beyond the municipal level of effective control. I really don't have a firm position as to whether it should be Federal or State or whether it could be multicounty under some kind of State empowering act.

Representative WIDNALL. Thank you.

Mr. Kimball, as we systematize and computerize our society and look for the maximum in efficiency and intelligent growth, expansion of ideas, and solutions to some of the very major problems we have right now, there is one thing that bothers me tremendously as to what is going on in society: Is there any room for a person who has the quality of commonsense who doesn't show up on a chart or in a computer and which is the most valuable thing when it comes to analysis and decision?

Mr. KIMBALL. Yes.

In fact, I would go so far as to say this, Mr. Widnall, that what the Nation needs now for these problems you are discussing, is more generalists and fewer specialists, and by generalists this does imply the commonsense approach, not to presuppose that specialists don't have commonsense either. But I described earlier in my opening remarks that the people who are going to supply to these urban problems the knowledge that comes from technology have to be multilingual. This is to say they have to know the sociological impact and the economic impact. It may be simpler over the long pull to take people who know the sociology and know the economic effects and give them the minimal amount of technology that they need, rather than hoping that profound scientists will come in and solve the problem.

Representative WIDNALL. I just fear——

Mr. KIMBALL. This goes to the commonsense point.

Representative WIDNALL. In many instances, I just fear the job descriptions that are written up for a specific job when actually you need somebody who is honest, who has integrity, has the ability to work with his hands and has some commonsense; but he is barred now from even an interview in many areas, both in the industrial area and also in the public service area. I have a specific instance to cite to you of something that I have done since I have been a Congressman.

I appointed a man postmaster in a first-class post office who had 4 years of formal education. He couldn't have gotten the job if he was postmaster second-, third-, or fourth-class because that required a written examination. But first class he was eminently qualified where it involved an oral interview, and he has since proven to be one of the very best in the State of New Jersey because he has commonsense, integrity, and honesty, and everybody recognizes that.

In this fast-moving world of the machine, aren't we going to lose the human element completely which can also lead, so far as I am concerned, to the breakdown of our society?

Mr. KIMBALL. Well, I hope we don't, sir. But I go back to the fact that with all this technology, much of which is on the shelf, the persons who are going to use it must have some comprehension of its consequences. This is not to say that the honest, well-intending man cannot do a good job with personal integrity and the like, but I think one of the problems we have in many cities, including the larger ones, is that many of these elements that could help these problems are either not understood or rejected as being too complicated, and this is why I am appealing to the fact that we need more people who can apply what is already known.

Representative WIDNALL. I understand that. I think your statement is excellent, and the ideas that are contained in it are fine, but the one hole in the whole pattern is what I have spoken about and which bothers me greatly as I see what is going on in many instances, and this applies to, very much to, low-income groups and their ability to get jobs. They can't even get interviews many times because they haven't got the proper grade-school education supposedly, and yet they have got the basic elements to do a good job in many of the employment opportunities that are there today.

Mr. KIMBALL. Well, maybe a group of such people, 25 or 10, could find good careers if there were leading them one person who meets the requirements I have described.

Representative WIDNALL. Thank you.

Congressman Curtis, I didn't hear your statement, I am sorry to say. As you know, I came in just a little late, and I am sure you, Tom, have offered a great deal that is positive. It will be in the record and I am going to read it with interest.

Representative CURTIS. Well, Bill, I tried to emphasize one of the basic aspects which comes out of Ways and Means study on taxation. That is, How do you finance these urban needs and where does it lead? But I would like to comment, if I may, in light of the emphasis put on mass transit.

In the Ways and Means Committee we have had, of course, the big highway program and we have listened to the arguments there, and

try to balance out interests between those who make money out of trucks, for example, and how much should they be contributing in the financing, and how much should the private automobile owners. One of my basic statements was that I thought the high-rise city which occurred in the latter part of the 19th and early part of the 20th century was the unique thing and a great deal of effort has been expended in trying to preserve something which I think the economic base has been pulled out from under. This occurred when electricity as power came in, which meant that plants could be located in the countryside, and when the private automobile came in, which meant that the worker could get to the factory. When I review all these mass transit programs I wonder why people are fighting to preserve this vested interest of the core center city.

There are three things, I think, that make people use mass transit. One, to get to their job, or two, to get people to the store. In St. Louis some of our retailers had vested interests in downtown subsidized mass transit, because they thought they would get the consumer's dollar back. To some degree employers would subsidize mass transit, but they have all abandoned this.

The third one is, I guess, you would classify as entertainment and so on.

I would say this: That when a person raises this standard of living one of the first things they do or want to do is, as my son puts it, "get wheels," get mobility, personal mobility. Also important is the privacy that is available. I know all of you have watched the cars go into the city with one person driving, and then the next car contains just one person. I have thought that probably this is the chance for a person to be "Walter Mitty." He is by himself, and this is something that is very basic.

Then I look over in Western Europe and see the same thing coming about. I wonder why those who are desirous of preserving what seems to me to be the high-rise city or these real estate values in downtown sections of the city get the support they do.

Representative WIDNALL. I think it has been very obvious that we have complicated our own problems here in Washington, D.C., by the tremendous amount of parking that we have been building around the city which has been attractive to one-man operation of an automobile. We used to have car pools all over the city, people coming in to the city, three and four in a car. Now, we have to even try to provide parking for summer interns, individually, or else they are insulted. The thing has just gotten completely out of hand with respect to the use of the automobile, where for the sake of 5 or 10 minutes, somewhere along the line, public transportation is rejected or car pooling is rejected, and I have this, I would like to put this into the record, something that is happening in my area and some other areas, with public transportation and by this I mean the railroad and the bus do not reach out and finger out into communities in order to feed—take the people into the bus station and also into the railroad station.

There has been growing up a group that will lease cars, and one of a group of four or five people living in a vicinity will enter into a car pool arrangement using the leased car, and going to the city that way, and they select four or five people who live fairly close together, and who are going to the same area of the city and they can go directly from their homes, directly to the area of the city they want to go to,

but they are being knocked out of the box now because the railroads and the bus companies say this is competition and it should be covered under interstate commerce.

They are providing a service that is not provided today, but there is that fear again of the entrepreneur coming in and doing something in the end that may take over their business. I can see some logic to that, but this is providing a service and it is also helping to keep extra cars off the road. These five people would be going in their own cars.

Representative CURTIS. We have the same thing in St. Louis, Bill, and they call themselves "service cars." This was heavily used by our Negro citizens. It was their technique of getting into the city. This effort was driven out by the same groups that you are describing. I often wondered about that because this obviously grew naturally in response to an apparent need, and was providing a fairly adequate service.

Representative WIDNALL. I am sure my time is up. Thank you very much.

CHAIRMAN Bolling. Mr. Reuss?

Representative REUSS. Thank you, Mr. Chairman. I, too, want to congratulate the three witnesses for a very great contribution to this subcommittee.

Mr. Kimball, you spoke of research particularly and pointed out the need for broad-scale, seamless-web research. It doesn't do any good, as you pointed out, to evolve some marvelous new method of burning refuse if you then created air pollution problems.

I am wondering what you think of what Congress has directed be done in the field of research on urban transportation? About a year ago Congress, distressed by the fact that we were spending $5 billion a year on going to the moon and nothing on evolving new systems of urban transportation, directed that a federally coordinated research and development program be set up in which the administration was given the task of trying to create new systems of urban transportation which in the words of the statute would enable people and goods to get around metropolitan areas in a way that was speedy, economical, safe, that didn't pollute the atmosphere, and would contribute to good total city planning. And, under that program HUD, as you know, is going to take a preliminary look at it. That takes about a year in which they are going to block it out. Then, if Vietnam gets fixed up so we can do anything about our problems, we are then going to embark upon a systems analysis approach which will coordinate the activities of the Federal, State, and local governments, foundations, universities, industries, and so on, to try to evolve new methods of transportation, maybe new ways of planning cities, which will meet the problem.

With that thumbnail description of what we are trying to do, does that sound to you like a method that would avoid the pitfalls you describe and that would be in Mr. Widnall's phrase commonsensible?

Mr. KIMBALL. Yes.

Representative REUSS. Or are we returning toward the abyss again?

Mr. KIMBALL. No; if you are speaking specifically of the high-speed transportation system envisioned for some railroads, say between Washington and New York, this is a good partial solution.

Representative REUSS. I was also thinking mainly of new metropolitan systems which, of course, have to be geared in with the intercity's system.

Mr. KIMBALL. Yes; and it will solve a good proportion of the problem. But lacking in it, I suspect, and something which perhaps can never be built into any system, is the right of the people to spend their own discretionary income, including their discretionary time use, to get from one place to another.

Now, Professor Thompson talked about the price aspects, both of money and time. I know many people who commute to their office one passenger per car, who could perhaps just as readily go on the bus or whatever the public transportation is, but they have to be mobile, they have to be mobile in time as well as on wheels, and to professional people particularly at all levels this is a more important factor than what it costs them or what it does to congestion, and since professional people, whether they are lawyers, doctors, dentists, scientists, or whatnot, purportedly make a large contribution to the national sociology and economy, they may be perhaps as responsible, not on a per capita basis, but at least in the size of their car or their air pollution contribution, as the poorer people who have to ride the bus.

My point, Mr. Reuss, is that these programs you have described are useful and could conceivably, in due course, solve half the problem.

Representative REUSS. Of course, a good solution to the problem of urban transportation and urban planning, because it is as broad as that would, I should think, meet the preferences of the professional classes that you are talking about as well as those who want what we now call mass transportation. For example, MIT is working on something called commucar, which is a private means of transportation which you would drive on a fuel cell from your $50,000 home a few blocks to some kind of a third track on the freeway where you would be hitched on to a hundred other cockleshells, and carried to your appropriate exit on the freeway in which you don't do any driving, at no point do you do any polluting of the atmosphere, and then you are whisked off to your office a few blocks away to which you drive on the fuel cell, and there your cockleshell is racked up with a thousand others vertically next to the building so it doesn't destroy too much space, and maybe part of them are rented out so your wife can use one for shopping during the day.

This is all Popular Mechanics magazine stuff, but some solution like that could meet the desire for individualized transportation. I am sure you might not be able to leave your gloves in the glove compartment if it is going to be taken out and rented to someone else, but with minor modifications it could clean up the air, city space, and the psyche.

Mr. KIMBALL. That proposition likely has the technology already available to do what you say. That was the point I was trying to make, but perhaps somebody should predetermine whether anybody wants to use that system, because they may not.

Representative REUSS. That is part of the exercise, surely.

Mr. KIMBALL. That is what I meant by the coupling of the people who know the marketing and sociology and people who know the technology. This is almost equivalent to the fellow who works in New York and lives in New Canaan, Conn. He has to get the 5:21 every night or he has to wait until 5 minutes to 7, so he is coupled in with a rigid time system and his activity may preclude this in the public interest as well as the private. He does not have to be a lawyer

or professional person. He may well be an office manager. This I see as a potential limitation to some of these systems.

Representative REUSS. Thank you very much.

Chairman BOLLING. Senator Percy?

Senator PERCY. Thank you, Mr. Chairman.

Mr. Chairman, I sense some conflict between Mr. Kimball and Mr. Thompson, and I wondered if they would both care to comment on the possible areas of conflict that are apparent in their papers. Mr. Kimball, on page 88 of this little green volume,[1] you indicate that the role of the Federal Government is in providing guidance, money incentives and rewards to energize the technical community. In effect I interpret that to mean that you are saying that the role of the Federal Government is to set the priorities and decide which problem should be attacked first. Mr. Thompson seems to make the point that not all cities should be the same. They do and should be approached and planned differently, depending on their socioeconomic base, and I am just wondering whether I am misinterpreting and creating conflict there or overemphasizing the role that you feel the Federal Government should take. You can establish highway standards in the South that apply equally to the North. But, if we are to have every city responding differently to the communal needs of our people, it is harder to establish Federal standards to which these cities should conform if they are to really meet these needs. Mr. Thompson calls it the regional economic social purpose. Would you both care to comment on it?

Mr. KIMBALL. I will say, sir, I think we are not in conflict. In my earlier remarks, when I was talking about the fact that much of the technology to solve urban problems is now available and needs only to be applied by skillful people, I made this point that the people involved in this must be systems oriented; namely, they have the whole ballpark in view when they are playing. They must have a coherent approach, which I paraphrased as saying they must be able to listen; they must be locally oriented, fully aware of and sensitive to the peculiarities, the personal quirks and folkways, the social and business customs of the city they are dealing with, and each city is different from the others.

I don't know whether that is in conflict with your view or not, Mr. Thompson.

Mr. THOMPSON. I suppose it has always been a fear that the transfer of functions to the central government might produce a nation which is too homogeneous: Very uniform, very dull, and tiresome. I think this could occur. But, I think it is also quite possible that the Federal Government could produce more diversity in the system than would otherwise occur, especially when there are very important scale effects.

As I look around the cities of the country, they appear to be becoming very much the same without Federal coercion. I think it is very difficult for a given urban area to experiment with dramatic new forms that are very expensive if a large part of the benefits of the learning experience will go to all who observe, and the locality pays the full cost.

So, in a case like this, I would think that dramatic, expensive experimentation could very well be carried out at the local level with

[1] "Urban America: Goals and Problems," materials compiled and prepared for the Subcommittee on the Urban Affairs of the Joint Economic Committee, joint committee print, August 1967.

Federal funds, with perhaps some Federal controls, in an effort to produce more diversity in the country. I am not going to argue if this has or has not been the case in the past, but I think it could be in the future.

Could I be very specific for a moment? I don't want to be interpreted literally here, but this is illustrative. I suspect that we give mass transit money about equally to both Los Angeles and San Francisco and we give about equal highway money to Los Angeles and San Francisco. I think a very good case could be made for giving mass transit money to San Francisco and highway money to Los Angeles to engage in a controlled experiment with respect to the outcomes of the various urban patterns that would be produced. If we differentiate San Francisco and Los Angeles from each other, this would serve two purposes. In a very static sense it increases choice. Some people prefer a highly centralized, very urbane city. Others prefer a looser, more flexible, outdoor-recreation-oriented society.

Not only would there be choice, and this choice is important, because one finds some people who prefer San Francisco and some who prefer Los Angeles, but from a longrun standpoint this would be a valuable experiment. We would learn a great deal from piling one kind of aid into one area and a different kind of aid into another area, and I really don't think we can deduce our way through some of these urban problems. I think we have to have the experimental method, too.

Mr. KIMBALL. May I add to that, Senator Percy? To move from the discussion on transportation, let me illustrate your point by air pollution. In Los Angeles it is clear that the air pollution is caused principally by automobiles. In Kansas City, Mo., where Mr. Bolling and I both live, the air pollution which has some adverse effects on airport landings, takeoffs, and the like, is not caused by automobile pollution, it is caused chiefly by the effluent of plants. The technology of solution is quite different and the enforcement is different.

Senator PERCY. I was struck by some of your comments. I think it was in Mr. Kimball's paper—on the value of many of these cities putting in for grants on the model cities program. For the first time they had the excuse to sit down and take a long-range look at themselves. For the first time they have had to plan ahead for 5 or 10 years instead of growing just like Topsy. If they never get a dime of Federal money again, probably it would have been worthwhile. I have seen many of these cities now terribly impatient. Their appetite has been whetted, they are terribly frustrated that these programs have not been funded, and they want to get going.

Many of them, I think, would like to go on their own, but they just don't have the money.

Another proposal has been made by Senator Howard Baker and others who have joined with him on revenue-sharing. They recognize that the cities are up against the wall. How high can they go in taxing property in the city? We have reached a level of 4 and 5 percent on sales taxes. How high do you go in that area? What is your approach to the unrestricted grant back to the local communities and States through the Internal Revenue Service? Collect those taxes, but try to strengthen local and State organizations by granting back and letting them have discretionary power as to how they apply that money in their own particular regions.

Mr. KIMBALL. Let me say, sir, that I agree with the comment you made concerning long-range planning at the corporate level. I am quite familiar with that. The fact that cities, some of the more sophisticated cities, have undergone this procedure, the therapy of it itself, is going to cause these people who see the ultimate benefits to seek these funds rather than to look at them as just some more money to spend for something. The homework has to be done. I am not competent, really, to suggest the way in which these funds would be obtained, but I am quite familiar with the ground swell that is going on through the Nation, and not just New York and Chicago and Philadelphia.

Senator PERCY. Yes. Mr. Thompson?

Mr. THOMPSON. You are referring to the Heller plan?

Senator PERCY. Yes.

Mr. THOMPSON. Well, I am in favor of the Heller plan, in general. I am in favor of the redistribution to States and/or localities of Federal revenue surpluses, because, first, I approve of the progressive Federal personal income tax as a means of raising revenue as perhaps the best tax device, and, second, I would like to see more responsibility at the local level. This plan is a nice marriage of the two.

There are some very difficult questions: rebate to whom, to States or to localities? State legislatures have not had an illustrious history, granted, but at the same time one is faced with the problem at the local level of such a multitude of jurisdictions with overlapping and inconsistent boundaries that it would be very difficult to set up a system of direct grants to localities that would accomplish our purposes. And, we do not have the intermediate-level metropolitan area government.

I would prefer there be some kind of a metropolitan area government, at least for some purposes, and at least one can think about the strategy of using the Federal surpluses as a lever to get such metropolitan area authorities. I think that I would have a preference for a system which rebated Federal income tax surpluses to metropolitan area authorities that embraced the full spectrum of population—a true and proper "government." I understand government to be a force which mediates across the socioeconomic classes and groups and across the interests of society, not to just be a supplier of public services. To me, a government must embrace a cross section of the population to be meaningful.

Senator PERCY. Representative Curtis, I think, in your paper, as I recall it, you gave us a very valuable insight into what happens to public housing when it is occupied by aid recipients. You quoted authorities on the deterioration of the property, the property values, the teardown of it, and the correlation between nonpayment of rent and the number of welfare recipients that occupied the property.

You then turned the coin over and pointed to, I think, with justifiable pride, the Bicentennial Group in St. Louis, which has, through the years, pioneered this concept of homeownership. You quoted chapter and verse of their experience of taking welfare recipients and other low-income families, putting them into housing that has been rehabilitated, giving them a chance for ownership and then seeing them move ahead to greater job and income stability.

Could you tell us again in your own words the correlation you see between homeownership and the opportunity to stabilize the cities.

Representative CURTIS. I think you have stated it very well, Senator, and have carried it on further, as it should be, in my judgment into Federal legislation. This is an example, I might say, of innovation occuring at the local level without the need of the Federal Government starting the innovation. I think this is just very basic. Just as I was pointing out in transportation, people, as soon as they get the income, whether we like it or not, or whether the Federal planners like it or not, they go to the private automobile. This is true of homeownership. I know of no way of raising the standard of living of a group more than through homeownership.

Before you came, Senator, I called the attention of this subcommittee to an article by Herbert Hill who is the labor secretary of the NAACP. I have known Mr. Hill a number of years, and I think he is a splendid scholar.

He devotes the bulk of this 40- or 50-page article to this problem of housing. Granted, he doesn't pick up the theme that you have been emphasizing, and I have been trying to emphasis, of the importance of homeownership, but he certainly does lay this base. One can just go down the street and look at a house and tell that which is homeowned and that which is rented. The rental property tends to be deteriorated. The property that is owned by the person, and they can be the same level of income, and usually are, is usually well kept up.

Senator PERCY. In the midst of a campaign, a year and a half ago, I brought 20 urban affairs experts to Chicago, to help me understand some of the problems that I was working on. One of these experts was the executive director from St. Louis of the Bicentennial Group. He convinced me then that he had a basically sound idea. Unfortunately, he had a good idea, but didn't have the money for it.

After we began talking about homeownership and a group of us introduced legislation in the Senate and in the House and pointed out the wonderful example we had in your district in St. Louis, he suddenly said he was deluged with help from the Federal Government. He never had so much attention, and suddenly he was exhibit A.

Do you feel or could you comment on the necessity of trying to bring more private capital into the housing field and investment in the slums?

I certainly commend the insurance companies for their pledge. I met with 500 insurance company presidents, a year and a half ago, and gave a speech which fell like a lead balloon when I suggested that they take their insurance money, billions of dollars, and invest it in the city. You would have thought I was a wild-eyed radical proposing that they take that hard earned money and the savings of millions of people and invest it where it was sure to be lost. I think the country is lost unless we save the cities, and who, better than the insurance companies, could help do that?

So I am elated with the fact that a year and a half later it is not such a radical idea. In fact it is a sound proposal now.

But the idea of creating a foundation that has the power to issue bonds guaranteed and supported by the Government seems to hit so close, Mr. Kimball, to your thought that the Federal Government can use its guarantee power. It can initiate, it can stimulate, but it can't always do the job. I must say I haven't convinced my colleagues that we can trust the private foundation appointed entirely by the President and confirmed by the Senate and audited by GAO and

every safeguard I can build into it. This is too innovative an idea, at least at this stage of the game to carry into legislation.

Would you comment on the adequacy of funds for this job and whether or not we might have to go to a Comsat idea of a foundation given that power and trusted with that kind of authority?

Representative CURTIS. First, let me say——

Senator PERCY. You are a fiscal conservative and not a radical when it comes to these kinds of ideas.

Representative CURTIS. I hope I am not. I think this is economically sound. I argued for many years for the 90-percent FHA loan which presently exists in our savings and loan programs. I feel that there is so much saving that goes with home purchasing and spreading income forward that this is, particularly for low-income groups and groups that haven't inherited any wealth, perfectly sound to have them spread their anticipated income forward so that they can be homeowners immediately. I was pleased, too, to see the insurance companies who are heavily in the field—at least the secondary field—of financing, move in.

I think it is going to prove to be economically sound. Let me illustrate another area, private nursing homes or just nursing homes. I, for years, tried to get private capital to finance them. They objected because they are single-purpose buildings. I agreed, but argued that the need is going to be with our society increasingly in the ensuing decades, and this is a sound investment.

Well, private capital wouldn't agree. So, I was able to persuade some of my more liberal friends with influence in the Congress, Senator Sparkman, and on the House side, Albert Rains——

Chairman BOLLING. Albert Rains?

Representative CURTIS. To put the FHA guarantee in for private nursing homes. Well, as soon as this was done you could see the increase in the building of private nursing homes.

The interesting thing to me is that now practically none of them go FHA because it is proven out to be economically sound. They now prefer the less redtape that is involved in direct financing.

So, my response to you is again that I think that, as near as I can see, you are on a very sound economic base. I hope we can get the Government to demonstrate that this is sound, and then Government can then be phased out.

Senator PERCY. Mr. Chairman, I would only like to make one closing comment: That I, for one, deeply appreciate the contribution Mr. Thompson, Mr. Kimball, and certainly Representative Curtis have made in their papers. I have been stimulated and our staff has gotten some good ideas. I wouldn't want them to think we listen to them and then just put their papers in a file some place. We are going to take the inspiration that you have given to us.

No one could have provided greater inspiration and leadership for the idea of using the Federal Government as the guarantee power, a stimulus, the incentive, the encourager, the innovater, but, not always fully executor, than Bill Widnall has in the housing field.

And, certainly Representative Curtis' comments this morning and the work that he has done indicate that the academic and political communities and, I think, the private sector are thinking a great deal more alike now than they used to, and that together we can resolve this problem.

So, you have devoted yourself, I think, to one of the most urgent and necessary problems that we face as a country, and I certainly commend our chairman for the foresight that he had long before the riots and the rubble of Newark, and Detroit, to have set us on this course of long-range study of our cities, their goals and purposes.

Thank you, Mr. Chairman.

Chairman BOLLING. Mr. Widnall?

Representative WIDNALL. I would just like to ask one more question, Mr. Chairman.

I will defer to Senator Proxmire.

Chairman BOLLING. He wants to pass for the moment.

Representative WIDNALL. I would like to ask Congressman Curtis to elaborate a bit on what can, should, and, in some cases, is being done to make property tax a more effective fiscal instrument.

Representative CURTIS. This, of course, I might say is one of the key points I have been trying to make, and in this regard I might respond to Senator Percy.

Of course, I disagree fundamentally with the Heller approach because I think it is on false premises.

As one who deals with the Federal tax structure I feel sure we have no dividends to declare. Most of us agree that our tax rates are beyond the point of diminishing returns. If we could reduce the tax further we would probably get a bigger take.

But the real estate property tax is so neglected in our economic and academic sector. That is why I pointed to the book Dick Netzer of The Brookings Institution where he did do a comprehensive study—and many conclusions with which I disagreed—however, the preamble said that this is the first time in 30 years that a comprehensive study has been made of the property tax.

Well, now, I am not a single-tax theorist, but a lot that Henry George said needs to be weighed. The real estate tax is a tax on wealth. The way we have developed the real estate tax in our society, of tying it with financing local facilities: Roads, streets, sewers, education, fire-police protection, when you spend money derived from that tax you tend to increase the tax base. This is untrue of any other tax that I know of. In other words when you put in a street, the property values go up.

When you have a good school system, your property values go up When you put in sewers, the cost-benefit ratios are tremendous.

This relates to another matter I discussed earlier. We have neglected our statistics of measuring physical wealth. The American University study on wealth that was presented before our subcommittee, at which Senator Proxmire was the chairman, said practically the same thing that Netzer said about the real estate tax, that since the early 1920's we had abondoned our studies of wealth. Well, if you have got a tax based on wealth, and there has been no study or very few studies in this area, we have difficulty.

If I could point up just some examples: First, the property tax depends upon good assessment. I have pointed out it does not mean that you are taxing the homes of the people. Quite the contrary. As I view it, a well-assessed community will have relatively lower assessments on residential property. I use Crestwood, Mo., to illustrate the point. This city looks like a bedroom community, but look at the tax assessment books and you see that only 30 percent of the revenues

come from taxes on homes, where 70 percent are taxes on utilities or taxes on industry. It has been very carefully zoned in the areas where it should be.

So, it does depend on good assessments, good zoning, good building codes, kept up to date, and then another feature that Pittsburgh has developed of weighting the tax more heavily against the raw land and situs values than against improvements.

I think this is a very essential thing in a properly developed property tax, because then you are constantly encouraging the better economic usage of the land.

Then one final thing: Look at the area where they do not have a real estate property tax, or where it is poorly developed. In South America they do not have one, and so there is no incentive, or rather put it the other way, there is all the incentive in the world for the wealthy people to hold land. There is no tax on it, and holding land is a good way of escaping inflation. But if there were a good real estate tax they would have to get revenue and would then have to utilize the land or sell it.

Take a look at some of our Southern States' real estate assessments in relation to the rest of the country's. I think I remembered a figure of about 18 percent of the valuation in Alabama compared to a national average of close to 40 percent. Then take a look at absentee ownership that goes with this underassessment, and I think we begin to see how at least some of the area of substantive reforms that people were directing attention to are involved in the neglect of the proper use of a real estate tax.

But, this is a whole field in itself. I am not an expert, of course, but I have tried to write on this subject and call attention to these things hoping that people who are students in this area would further develop it. I think it is a very real and important thing, and I am convinced that as far as the big cities are concerned, many of the problems we are discussing here are tied up in this failure to properly utilize the real estate tax.

You can see it in the failure to enforce building codes, the manner in which zoning laws are now outdated, et cetera, et cetera.

Representative WIDNALL. May I just add to that the differentiation in valuation throughout the country. New Jersey now has people assessed at 100 percent of the value. If you see a house for $30,000, that is the assessed value on your tax bill. Consequently, the tax rate is lower than some other places, but actually our State suffers from the fact that our school system, educational system, is almost entirely supported by real estate taxes.

Representative CURTIS. May I interrupt? There is another thing that I think is very important, and I must mention it. Good real estate taxes are the base. But every State and even counties, in my judgment, need equalization laws where another tax is used to make up the difference between areas of low wealth and areas of high wealth.

New Jersey is a State that has done little in the area of developing these other taxes that would enable good equalization laws of this nature to exist.

Representative WIDNALL. We have just developed a sales tax in New Jersey that was supposed to be utilized for this purpose, but in operation it is not being used for that purpose, and the real estate

landowner is getting taxed more heavilly this year than before we enacted the sales tax to relieve him of his burden.

Representative CURTIS. Well, I am sorry to hear of that development.

Representative WIDNALL. That is all.

Chairman BOLLING. I thought I detected in the papers and the opening statements a pretty substantial conflict as to whether there was any reason for hoping to continue to have large urban areas.

My impression was that Congressman Curtis was arguing more or less for decentralization, and my impression was that both Mr. Kimball and Mr. Thompson were accepting the idea, at least, that there would remain for at least the foreseeable future large urban concentrations.

I would like to have all the members of the panel expand a little bit on that particular point of view for the record, because I think it represents a fundamental decision that society is going to have to make at some point in time, not by accident, but more or less on a decision-making basis.

Would you like to start off?

Representative CURTIS. Yes; I will start first to say that you certainly have captured what I have been trying to say accurately, other than I did not know that I put a value judgment on it, but I would even do that.

I was trying to point out what I thought was coming about economically, that we were going to continue to see the decline of what we call the high-rise city. I do not necessarily mean you won't have high-rise buildings, but rather the concentration of people will decrease.

In my paper I tried to point out these density ratios—the number of people per square mile, or whatever you want to use to illustrate the concentration ratios. These ratios have continued to go down in the big cities, even though you have got the influx of our Negro citizens coming in. Still, the net is a decline in the concentration ratio.

I do not think it is too oversimplified when I referred to the use of electricity as a power to enable the factory to go out of the city or the automobile as illustrative of the mobility of the workingman to be able to get to his job.

Those who disagree with this decentralization process call it urban sprawl. I would put the other connotation on it. Why do people move out? They do for all sorts of values, living values, and I think anyone who has the income will try to do this. We see all over the country low-income housing. By that I mean possibly $10,000 or $12,000 homes around St. Louis out in the countryside. I think this is going to continue.

Only one other comment: I am very pleased to see there is some long-range planning in St. Louis. It has not been as fast as it should be, but in their long-range planning they put the big baseball and football stadium right in downtown St. Louis. We have got the Arch in that area, and museums there on the theory that what used to be the center city is still a convenient place to locate these kinds of things, conventions, et cetera.

But, as computers continue to develop, I wonder how much we are going to have to have this kind of physical concentration of human beings together that produce this emphasis on the value of a piece of ground or a central location?

I again would emphasize that for things like sports, recreation, conventions and so forth, this is an area for the big possible concentration of people. But, there is an insufficient economic force, I would say, to hold back the movement that is now on toward moving into not just suburban areas, but out into the countryside. Around St. Louis, the counties of St. Charles, Franklin, and Jefferson, and even the next county over have increased in population considerably because people who actually work around that area live there, and they formerly did live in the city.

Chairman BOLLING. Thank you, Congressman Curtis.

Would either of the other witnesses care to comment?

Mr. KIMBALL. Dick, I would like to comment on that. You go back 150 years in the structure and location of cities in the United States. Their location was based on two points, and two only. One was the availability of natural resources and the other was river transportation. This was before the days of railroads, and this is why St. Louis is where it is, Kansas City, Pittsburgh, and the like.

The economy is getting away from natural resources as a main employment focus. Some more than 70 percent of the people employed in the United States do not now work in manufacturing. I read recently that a large electronics company advertised to employees that it was contemplating opening a new plant at Denver, Colo., and they had more than 10,000 applications from present members of that company to move there. There were some 1,000 jobs open.

I think that as the Interstate Highway System improves, and particularly with the mobility provided by air transport for people and for cargo, we are bound to see much more dispersion of population in the United States despite the prognostications that say that, say, by the year 2000, 80 percent of the people will live in the belt between Washington and Boston.

My comments were related to the fact that technology could solve urban problems today, if the coupling existed.

I said also that this proposition is brought off more easily in the new cities than in old ones.

Mr. THOMPSON. I would like to distinguish between the region, which is a population within commuting radius of a cluster of work places, and the land-use pattern within that area.

There is no doubt in my mind that for some decades to come metropolitan areas will grow in size and population. The forces producing this are very powerful. An increasingly affluent society wants an increasing range of choice in consumer goods. An increasingly educated society needs an increasing choice in occupations. In a time of rapid technological change, the essence of the day is research and development and growth through new products. This requires an infrastructure of research facilities, banks, marketing organizations, and transportation systems that can bring new products into being and successfully promote them. Only the larger urban areas have such depth.

The economic system is such that the firm locating a new plant usually does not pay the full social costs at the new location, especially if sited in a large densely populated place. Unless we were to institute a national policy to assess social costs against these entrepreneurs, they will continue to locate at places where their private costs are less than the social costs of putting that plant into that location.

So, for good reasons and not so good reasons, there are very powerful forces leading to the concentration of population in a few large metropolitan areas.

However, within these metropolitan areas, population is dispersing. It is dispersing into low-density suburbs, and maybe ultimately into satellite towns. So, it is a matter of the fineness of grain that is at issue here.

Chairman BOLLING. Thank you.

Mr. KIMBALL. I would suggest that the growing population in Phoenix and Denver and other southwestern cities is somewhat of a backwash from the overconcentration on the west coast. But, I think there will be more than economic factors. There is the free choice of the people determined by where they want to live.

Mr. THOMPSON. But there is not a single case of a metropolitan area which declined in population in the group of over, say, 200,000 population for the last two decades.

Now, some of these metropolitan areas did grow at a slow rate, but they did not decline, and of the 15 or 16 largest metropolitan areas, all of them grew at very close to the national average rate, except for Pittsburgh in both decades and Boston in one of the two.

Representative CURTIS. I put in a chart in my statement showing the growth in the metrocity, then the city core itself, and then the surrounding counties. I thought one of the most interesting things was that the one area where there seemed to be a deviation in the decline of the center city and the increase in the surrounding counties, New York City, was not really so. When you broke it down into its actual boroughs it showed that those boroughs that were dense had declined, and those that were not as dense were the ones that had gotten the population. So, it really proved the truth of what was discussed.

I would want to be sure that my statement was modified in light of what Dr. Thompson has said, that when I said city I was really meaning the center city, because I do agree with him that there is a continued movement into what we call these metroplexes.

Mr. THOMPSON. Mr. Chairman, may I make a small, not rejoinder, but additional statement that would point up my position on the income tax versus the property tax.

While I still retain my opinion that the income tax is an excellent tax and one of our very best, I also want to endorse what Representative Curtis has said about the property tax.

I, too, would favor shifting the property tax from improvements more on to the land value. I would do this though, in part, because I see the property tax as a "price" which shapes the direction and the character of the development of the metropolitan area as well as for reasons of equity. I really have both in mind.

To some extent our problem of "urban sprawl" arises from the fact that we undertax the urban-rural fringe land. We allow it to be held by land speculators at nominal farm values when we know they are really holding it for imminent urban purposes. The cost of holding land speculatively is then very low and the withholding of this land often forces society to develop around the parcels, and putting us to considerable extra cost of running pipes, wires, and so forth farther than physically necessary. So I see the property tax as a price which is

too low, on the fringe area, and which thereby distorts urban development.

I like the equity effects of shifting from improvements toward land values. But, in the back of my mind, I wonder if a new, improved property tax would raise very much more money than the present one, because I would like to lower some rates as well as raise others. I still think we will have to retain the personal income tax as the major means of finance, while working for a better designed property tax to control urban physical growth.

Representative CURTIS. I would like to make this one point. We have spent so much time on gross national product, which is a measure of economic activity and how economic activity has increased. That is the essential tax base that we use in the Federal income tax. In fact, we have a little rule of thumb in the Ways and Means Committee that for about every $4 or $5 billion increase in GNP we can count on about $1 billion in revenues.

But I would observe that the rough studies of wealth indicate that wealth has increased even more rapidly. Therefore, your tax base for the property tax is in better shape than the tax base for the Federal income tax. But this does depend on definitive studies that have not been made.

I would not say, categorically, that this is so. I think we need these studies, but I think the studies would show it.

Chairman BOLLING. I do not want to pursue this too far, but I wonder what the definition of wealth is today. It seems to me that it is fairly clear that the factor that in a high level of economy, high level economic activity is producing something very desirable that is a value that it has, it may not have the day after tomorrow, and the thing that bothers me about the phrase "a tax on wealth" is the fluid nature of wealth. I do not even know what the definition of wealth is today.

Representative CURTIS. I think the gentleman is making a very good point. This is exactly why our Subcommittee on Economic Statistics of the Joint Economic Committee has gone into it, because there needs to be a lot of this development.

I would still argue that there are pretty good guidelines we can employ in measuring wealth. I might add that the thing that disturbs me probably even more is that we are talking about physical wealth while I think the basic wealth of the Nation is more in the skills and the knowledge of its people. This has led me to make another basic criticism of our Federal tax system which does not treat investment in education and training as a capital investment. Our failure to treat it that way makes considerable difference.

But the point you are making about the problems involved in measuring wealth are valid. I think we have sufficient knowledge where we can use it as an effective tool to develop a tax on wealth.

The great inability to use it is demonstrated in the personal property tax. I think that is one of the poorest taxes we have today, and yet in an agrarian society it was not a bad tax at all because people knew what a cow was worth, and a piece of farm equipment, and a horse, and so on. Today, though applied to more of an urban society, a personal property tax is a terrible one because no one can say what is the value of various items of personal property.

The one area where it is good is on the automobile, and that is because of the certainty of the value as indicated in the Blue Book which lists the values of certain makes of cars of a certain year.

So, indeed, your point is quite well taken that a good tax on wealth must depend upon being able to define wealth with some certainty.

Chairman BOLLING. Even on the automobile—you get two different approaches to an automobile. If you accept the notion that a man has an automobile primarily for purposes of commuting to work as opposed to a man who has an automobile primarily for the purpose of going fishing with it, you have changed the nature of that automobile, and the way it ought to be treated for tax purposes, it seems to me. But I do not want to pursue that forever. I just think the complexity of the problem is enormous.

Representative CURTIS. Could I say one thing, Mr. Chairman? It is nothing compared to the complexity of the income tax, believe me.

Chairman BOLLING. I am sure of that, too.

I would like to warn the witnesses that when I next have a turn, which will be before this hearing is over, I am going to ask them if the most important problem that we have is not developing metropolitan government, and I would also be curious to know when I ask that question if there is a single example in the United States of a metropolitan government.

At this point I will yield to Senator Proxmire.

Senator PROXMIRE. First, I want to apologize, Mr. Chairman, for being tardy and not having been able to attend other meetings, but you know the reasons.

I would like to say that I have heard nothing but the highest praise for the work of the subcommittee.

Senator Ribicoff, who, I think, certainly is one of the outstanding experts in the Senate on urban affairs, has been rhapsodic about the work you have done. He has gone through your compendium recently, and he has said it is the best thing he has seen, and contain a great deal of new information and ideas.

Mr. Kimball, have you or your Midwest Research Institute established any priorities in this particular area as to what should be done first? You talk about air pollution and crime, and you point out the great progress that has been made very recently for the first time in the crime area due to Federal leadership, and you point out also that this did not cost very much, so far.

It may be that we should begin to spend a lot in this area, but at least so far the cost is not great.

It would be helpful to the Congress if we not only had priorities, but priorities in areas where we knew the cost so we could fund some of these things that cost little and yield much.

Mr. KIMBALL. Yes. The crime example is a good one because by exhibiting leadership in this field the Federal Government caused any number of cities to take a second look at the crime issue, and, perhaps, how technical people could help solve it, and there are a number of ways.

I discussed earlier with Senator Percy the therapy of the cities going through this exercise, whether they get Federal money or not, was of tremendous value.

With respect to setting priorities, I would venture the suggestion that the cities may know more about their singular priorities which differ from city to city than would, perhaps, some group down here, with due respect.

Senator PROXMIRE. Can you establish any national priorities that would be applied generally or do you think this is true in all cases? In some cities the priority has to be in the crime area, in another in the air pollution, and another the physical housing rebuilding; is that true? You cannot sit here in Washington and say our priority should be across the board such and such.

Mr. KIMBALL. Senator Proxmire, I am just making an approximate statement now, but I suspect that there are 10 priorities of problems which virtually each city would agree upon: Crime, transportation, pollution, disposal of waste, and the like.

All I am saying is that that list of priorities would differ, perhaps markedly, among cities.

Senator PROXMIRE. Can you tell us, or could it be worked out to where we can get a substantial result with a modest investment? I say that not simply because we are all interested in economy, but because right now especially, funding is a seriously limiting obstacle.

Mr. KIMBALL. Well, the excitement that was generated among many cities concerning the Federal leadership in the whole approach to crime is a splendid example of a relatively small investment at this level.

Senator PROXMIRE. Could this be applied in some of these other areas? In the last part of your paper you talk about how you have just begun to do research in the area of educational technology, even in building new cities, new generations of managers, that kind of thing. Is this the kind of area where a relatively modest investment would have a good payoff?

Mr. KIMBALL. Yes; perhaps matching funding, too, and this would separate the people who wanted to move ahead from those who merely say they want to.

Senator PROXMIRE. Mr. Thompson, you stressed the need for professional managers, and you also say that for the first time you have—either you or Mr. Kimball, I think you are the one who said—for the first time we begin to have, perhaps, a development in this area.

Are there courses, in sufficient number of the universities, leading to this kind of thing? Are we developing professionals who can step into this position? Is it a matter of providing the job description and making or providing the job and providing the salary, or is it going to take a much longer period of training?

Mr. THOMPSON. Well, I suppose it is not quite fair for me to comment on schools of public administration because I am probably biased and do not understand them too well.

But at least I do know——

Senator PROXMIRE. In other words, you are saying they are not good enough, or at least not adequate for your purposes.

Mr. THOMPSON. I have the economist's bias, and I probably do not fully understand their purposes. But I do know this: I do know that increasingly I see the job of local public management as requiring a very sophisticated knowledge of economics because I increasingly see the city as an economic system, as an implicit price system,

among others. It is also, of course, a macrosystem that generates income and employment, too.

If the city is a price system largely built on implicit prices—the property tax is an implicit price that rewards speculation or slum landlordship—and if we have a group of people who do not understand the functions of price, it is hard to believe we are going to control this system, and there is——

Senator PROXMIRE. Let me just interrupt at this point to say that it is very interesting that you should bring it up that way, because we had a hearing recently on planning, programing, budgeting systems,[1] and I was startled by the assertion that whereas the Federal Government has been in this area really only a couple of years, except in the Defense Department, and whereas only eight of our 50 States have any such system to speak of, eight or ten, that every one of our major cities, according to the witnesses here, use this, and have gotten into it and have tried to go through this tough new complex system of evaluation, using cost-benefit right across the board in trying to find out where they can invest their money best, and so forth.

Mr. THOMPSON. I believe it is mostly nominal up to this point. Certainly the public administration schools are not really teaching this yet. Of course, they lag and I do not blame them for not teaching this very new material, because, generally speaking, we teach courses out of teaching materials, and there just are not any textbooks on local price policy for the public sector. The application of economic techniques to the local public economy, has lagged in the literature. Thus, without teaching materials and with instructors who have no such background, a sophisticated local public managerial economics cannot be taught at this time.

Now, at the practicing level I think there is more lip service paid to PPBS and cost-benefit analysis and all the rest of these terms than there is actual performance.

The people who are practicing this do so out of backgrounds that hardly lead one to believe they can do a sophisticated job. I commend them, of course, for striving to learn this. But my experience has been that these are just terms, these are cliches.

Senator PROXMIRE. Well, the city of New York was represented here, I thought very ably. Now this is new, and as you say, these people, because they are kind of inventing these things as they are going along, and have to innovate a lot, nevertheless are asking the right questions. It seems they are trying to find out where they can get the best payoff and how, given a certain goal, they can achieve that goal at the lowest cost with the greatest efficiency. It seems to me they are at least beginning.

Mr. THOMPSON. New York would have the highest capability in this direction; that is, they could draw on local talents to staff such an operation. I was speaking quite generally, but I am sure that except for the top three or four or five cities in terms of capability that there is just not the local talent really to do this in a sophisticated way at this time.

Senator PROXMIRE. Then it is going to take years to develop what you have in mind.

Mr. Kimball?

[1] "The Planning-Programing-Budgeting System: Progress and Potentials," hearings before the Subcommittee on Economy in Government of the Joint Economic Committee, U.S. Congress, Sept. 14, 19, 20, and 21, 1967.

Mr. KIMBALL. I agree it will take years. I have one suggestion that might shortcut this, and it follows the example of the Federal Government. I do not know how many men come from important posts in industry on loan to the Federal Government. Some of them at the assistant secretary level stay here 2 or 3 years and then go somewhere else, go back home perhaps. I do not know whether this has ever been practiced in city governments or not. Maybe the prestige associated with it does not relate at all to the man coming to Washington on a Federal appointment.

He just has to say to his wife, "I am not going to the office today. Instead I am going to city hall," which is different from saying, "I am going to work for the Secretary of Commerce."

But, nonetheless, it seems to me we need that kind of insight. There is a lot of knowledge in industry today by people about PPBS and Program Evaluation Review Technique (PERT) and PERT costs and what these city governments need. I think the bureaucratic systems in most cities preclude the hiring of such competent people.

Senator PROXMIRE. Thank you very much.

Chairman BOLLING. I would like to return to the point that I warned you about. Is there a metropolitan government in the United States today? Is there a single metropolitan government?

Representative CURTIS. Not of any of the large cities.

Mr. THOMPSON. Not in the full sense that Toronto is one, for example.

Chairman BOLLING. Is there any solution to any of the problems we have been talking about unless there come into being metropolitan governments?

Mr. KIMBALL. Dick, there are a few cities I know of which are working very intensively with their best people on what are known as goals for Dallas or goals for Tucson, and I have been a party to some of these efforts. It is surprising the degree of fervor and intelligence that is being put into them, and, I think, out of them is going to come the simple fact, the limiting factor, of the lack of a metropolitan government.

Chairman BOLLING. Is it not in fact that if there existed—and I am aware, that some of you at least know—of the incredible difficulty of establishing a metropolitan government in, say, your area, Congressman Curtis, where——

Representative CURTIS. Ninety-eight communities in St. Louis County.

Chairman BOLLING. Right. And you have a problem of strangulation of this city which is met by a variety of expedients.

Now, in my community across the State, about the only problem we do not have is the problem of strangulation because of the wisdom of the city fathers in annexing.

But the whole question of property taxes, of social costs implicit in taxes and the tax rate, becomes infinitely more difficult as you look at all the jurisdictions that exist, any problem that you could mention that affects the urban area, pollution, the mix between private transportation and mass transportation, the location of the stadium. It seems to me that the one thing that every single one of these problems has in common is that if it is not put in a much broader frame of reference than the local political subdivision, it is impossible of solution at the local level, and it seems to me—I want you to dis-

agree if you disagree—it seems to me that the one single thing that is clear in all this set of problems is you are not going to have the prestige in the government of the city of X to get business to contribute their executives, perhaps make up the difference between the salary that the area can pay him and the salary that he gets, as an example, whereas in a metropolitan area that consisted of two, three, four, five, whatever number of million it would be; in St. Louis it would be two or three million; would it not?

Representative CURTIS. That is right.

Chairman BOLLING. Over on my side of the State it would be a million, anyway—million, million and a half—you get an entirely different set of opportunities to have a local government that those of us who work at the Federal level might be willing to turn over some tax money to out of the income tax base.

I am just curious as to whether there is agreement or disagreement.

Representative CURTIS. I think you are hitting the nail right on the head in pointing it up. Of course, maybe St. Louis, the metroplex, is one of the horrible examples, but I think it also serves to emphasize the point. St. Louis City is restricted by the State constitution to its 1877 boundaries, so that the bulk of the population of the metroplex is outside of those boundaries. Yet in one area—transportation—the Congress created the bystate agency between Illinois and St. Louis, to handle transportation problems in St. Louis. This is a good thing and an indication of moving in the proper direction.

Then, another thing that demonstrates this trend, we created a metropolitan chamber of commerce. In other words, it includes St. Louis County, St. Louis City, and East St. Louis, and the other cities over in Illinois, so at least the chamber of commerce group looks at it as an economic unit.

But, the thrust of your remarks, as I get them, and I again say I fully agree with them, is that there is no governmental organization to bring this about.

Mr. KIMBALL. Dick, there are some expedient moves being made in some cities I am familiar with that, in effect, may be said to be bypassing the city government and setting up rather intelligent demands on it.

The example in your district, Mr. Curtis, of civic progress a dozen years ago, or perhaps a dozen people, did wonders; did it not? and, as you know, in Kansas City, the civic council represents a tremendous voice which is laying out for the city government in effect, "we want these problems solved in this priority."

The most powerful people in Dallas have a group known as the Committee of Twelve. It is tremendously effective. They do not go to work for the city, but a lot is happening.

Chairman BOLLING. The only question I would raise on those illustrations, which I think are valid illustrations moving in ultimately the right direction is that in both the Kansas City example and the Dallas example you have an adequate substitute in a sense on a short-term basis for what must fundamentally occur, and that is participation by all the elements of the community.

I have no objection at all for the business community giving a substantial proportion of the leadership, but I do not believe that ultimately any city is going to be, any metropolitan area is going to be, successfully governed if most of the people who are involved in

the planning come from one particular group. I am aware that in St. Louis there have been some variations on it.

Representative CURTIS. Yes; we have had labor in.

Chairman BOLLING. But what I suggest is that the only alternative to some kind of overemphasis is going to be an actual governmental entity, at least unless you abandon the approach that we have taken in this society to the problems of decisionmaking finally on public matters.

Now, we have, I guess, the same kind of transportation authority, multistate, two-state, Kansas and Missouri. But you have already said, all of you, that transportation is one problem only, and it links into many others, and this is the dilemma I foresee, much as I approve of approaches that have been made, the partial approaches, if they are recognized to be only inadequate substitutes for the ultimate, which is, in my judgment, and I have an opinion on this, and I do not have too many opinions on conclusions with regard to this particular study, the ultimate solution, if there is a solution, is going to have to be a size of entity at the local level with which the Federal Government can deal on a more or less consistent basis.

It would be impossible for the Federal Government to have a policy of tax sharing that would be identical for each State or each city because of the incredible variation in quality of government. That is one of the blocks.

Mr. KIMBALL. This, of course, then would put a premium on the quality of government.

Chairman BOLLING. It would, indeed. That is why I am intrigued by Mr. Thompson's notion of the leverage you would be able to use.

Representative CURTIS. It would be Federal standards and, hopefully, we would be wise enough to know what standards to set.

Chairman BOLLING. Federal minimum standards in major areas.

Mr. THOMPSON. Let me offer a very brief, 1-minute, impressionistic, intellectual history of "metro." In the early days "metro" was often called for on the basis of economy—elimination of duplicating and wasteful services.

In the aftermath of its defeat, time and time again at the polls, a number of urban scholars, mostly political scientists, began to rationalize the defeat of metro by saying, "Well, we can live with fragmentation because, to the extent there are great economies of scale in water, sewers, and this and that, we will contract individually with the county to supply these services at optimum scale." This is for example, the Lakewood plan of Los Angeles.

They went on to rationalize that political fragmentation could lead to differentiation in the mix of public services in the different parts of the metropolitan area and public services would conform better to different taste patterns. But this, of course, ignored the fact we do not want great differences to prevail. Most of public services need to be performed at a minimum level to achieve overall social welfare, and because there are great differences in tax capacity between municipalities in the large metropolitan areas, needs were not the same throughout the area.

A further point was lost, and this should never have been lost by political scientists, although I can understand economists not recognizing it quickly. Perhaps the most important function of government is to mediate between groups. Local government must synthesize

some kind of consensus out of a democratic process. If we have small local governments that are merely efficient in providing services because they are contracting with the county and if they are not really accomplishing the problem of setting good public policy on important social issues, what we have essentially is local government reduced to being little more than a local public utility. And, so essentially, I agree with you that, in the last analysis one way or another, effective, responsible local government must embrace a cross section of the population, and given our present housing patterns this implies metropolitan area government, or recourse to a high level of government, in default of doing something at that level.

Chairman BOLLING. Not being too fanciful, and I do not like to intervene with apparent conclusions, it seems to me not unreasonable to theorize that we might very well end up with, to the outrage of those who hold county office and of those who hold State office, with a great deal of the responsibility for government going from the Federal level—you cannot escape that because it is the only unity—to regional levels, to great metropolitan area levels.

The curious thing is that except for the metropolitan area in rather substantial degree we have had some examples of, at least one example, of, a successful regional effort in this country.

I am not suggesting that we have a lot of TVA's all over the country, because it was based to a large degree in the public mind on power, but its success was really based on the fact that the Federal Government decentralized decisionmaking to a smaller entity but an entity that was large enough to be representative of the whole population without regard to the power aspect of it.

Gentlemen, I am grateful to you all for your contributions, your papers, and for your presence here.

Without objection the material submitted by Congressman Curtis will be included in the record at the conclusion of today's proceedings.

With that the subcommittee will stand adjourned until tomorrow at 10 a.m.

(Thereupon, at 12:15 p.m., the subcommittee adjourned, to reconvene tomorrow, Tuesday, October 3, 1967, at 10 a.m.)

(The material referred to follows:)

[Journal of Urban Law, University of Detroit, vol. 44: 231, 1966]

Demographic Change and Racial Ghettos: The Crisis of American Cities

HERBERT HILL*

INTRODUCTION

CURRENT civil rights struggles are rooted in three major demographic developments of the American Negro community: accelerated growth, increasing mobility, and rapid urbanization. Almost half of the Negro population now lives in the North, but the response of American cities to this development has been a vast increase and rigidity in the pattern of residential segregation. Thus the Negro finds that he has left the segregated South for the segregated northern slum. The growth of housing segregation has been accompanied by an extension of the ghetto pattern in major cities together with vast urban blight and the decay of central city areas.

As a result of Negro population concentration in large cities and the movement of whites to the suburbs, the Negro is becoming strategically located to realize a growing potential of political power. However, racial segregation, poverty and exploitation are causing the emergence of a ghetto "underclass" profoundly alienated from the society. Federal, state and municipal agencies have directly encouraged segregation and the extension of racial ghettoes. The problem of urban redevelopment and the future of the cities is directly related to public policy on racial issues. There is now an urgent need for a new order of national priorities to fundamentally change the racial situation in the urban centers.

PART I

NEGRO POPULATION CHARACTERISTICS

The dual migration of Negroes from the rural South to the urban North and from the rural South to the urban South is one of the major demographic changes of our time with great social and political implications for the future of American society. In 1960, less than 60 percent of the nation's Negro population lived in the South. In 1965, only 53.6 percent of the Negro population lived below the Mason-Dixon line and if present trends continue a majority will be living in the North by 1970. Recent census studies indicate that the largest per-

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centage increase in the Negro population was in the West, especially California. As of 1967, almost half of the total Negro population was living in the urban North and more than half of the southern Negro population was living in the growing urban industrial complexes of the South.

In 1960, 70 percent of the white population lived in cities and 73 percent of the country's Negro population lived in cities. In the North and West, nine in ten Negroes were urban residents and in the South, six in ten Negroes lived in cities.[1]

Over 15 percent of the Negro population of the South left the southern states during the 1940-50 decade and a greater number left during the 1950-60 decade.[2] As a result of these developments the Negro population of the United States is now more urban than the white population. In 1960, five of the six cities with the largest Negro population were in the North and West: New York, Chicago, Philadelphia, Detroit, Washington, D.C., and Los Angeles. Taken together, the San Francisco-Oakland Area in California has more Negroes than Birmingham, Alabama.[3] The American Negro has now become an urban dweller. Thus the rigid pattern of segregated city living is the central fact in the life of most colored citizens.

Another significant development is that the nation's Negro population has been growing at a substantially faster rate than the white population during the past 20 years. In the 1960 census Negroes comprised 10.5 percent of the total population. This was an increase from 9.7 percent in the 1940 census. In the 20-year period beginning with 1940, the rate of increase for the Negro population was 46.7 percent while the over-all population was increased by 35.7 percent. Between 1950 and 1960 according to the last census the nation's total population increased by 18.5 percent. This was the largest ten-year gain in the nation's history. The Negro population experienced significantly larger relative increases than the total population. During the same period the population increase of non-whites, mainly Negroes, was 26.7 percent.

During the last 20 years the Negro population in the United States has had a birth rate half again higher than the birth rate for the population as a whole. A result of this is that the Negro population is

1. U.S. BUREAU OF THE CENSUS, CENSUS OF POPULATION: 1960, Vol. 1, Pt. 1, U.S. Summ., Tables 158, 233.

2. U.S. BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, POPULATION ESTIMATES, Ser. P-25, No. 247, Table 4 (April 2, 1962).

3. U.S. BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, Ser. P-20, No. 104, Table 10 (Sept. 30, 1962); No. 113, Table 13 (Jan. 22, 1962); No. 118, Table 13 (Aug. 9, 1962); No. 127, Tables 1, 9 (Jan. 15, 1964); No. 134, Table 114 (Mar. 25, 1965).

younger than the white population. According to the 1960 census the median age for the Negro population was 23.5 years and the median age of the white population was 30.3 years. Furthermore, the Negro population had a significantly larger proportion of its members under 15 years of age. Less than 30 percent of the white population in 1960 was under 15 years of age, but 37 percent of the Negro population was under 15 years of age. One American in nine is non-white today, but if the rate of growth since 1950 continues, one in eight will be non-white before 1972.

A major consequence of the population increase among Negroes is the growth of non-white participation in the labor force. The President's Manpower Report to the Congress for 1965 notes that although non-whites constitute slightly more than one tenth of the current labor force they will account for a much larger proportion of the future increase of the labor force. Based upon population changes that have already occurred, it is estimated that at least one fifth of the increase in the labor force between 1964 and 1970 will be Negroes.[4] By 1980, according to a recent study, "the total non-white labor force will have risen by 41 percent compared with only a 28 percent increase in white workers. This projected difference by growth rates is primarily attributable to the expected greater rate of population growth among non-white youth . . . the number of non-white workers is expected to increase from 8.7 million in 1965 to 12.3 million during the next 15 years. . . ."[5] Projections based upon current economic data indicate that the rate of job expansion will fall seriously behind further increases in the rapid rate of labor force growth. The lag in new job creation for the next several years in conjunction with the continued discriminatory practices of management and certain important sections of organized labor will have the most serious consequences for Negro wage-earners.[6]

An interesting characteristic of Negro workers is that they are now more mobile than white workers on both a national and regional basis. While large numbers of Negro wage-earners move into northern urban areas seeking improved employment opportunities, and better educational and living facilities for their children, a significant number of southern Negro workers and their families seek a better life by moving to the rapidly growing industrial cities of the South. In a study of labor mobility in three southern states with large Negro populations—North

4. MANPOWER REPORT OF THE PRESIDENT, 50 (Mar., 1965).

5. Cooper & Johnston, *Labor Force Projections by Color*, 1970-80, 89 MO. LAB. REV. 965 (1966).

6. MANPOWER REPORT, *op. cit. supra* note 4, 46-47.

Carolina, South Carolina, and Georgia—the authors conclude: "the young are more mobile than the old, males are more mobile than females, and Negroes are more mobile than non-Negroes."[7]

The deteriorating economic and social conditions of the growing Negro population locked in the segregated slum ghettos of American cities is the source of increasing social discontent and strife.[8] However, the vast new urban population concentrations provide the basis for realistic efforts to end the traditional powerlessness of Negroes in American society. A study, sponsored by the University of Chicago's Population Research and Training Center, suggests the impact which rapidly growing Negro populations will have on Chicago and other major urban communities. The population study concluded that by 1974 Negroes will comprise at least 50 percent of Chicago's population.[9] Professor Philip M. Hauser, director of the center stated:

——by 1970 Negroes will equal or exceed the white population in at least a dozen major cities across the United States

——hundreds of thousands of white families will leave the cities for suburban areas so that by 1990 the suburban population will have doubled the 1960 census figure.[10]

The Report also notes that unless urgent measures are taken, the urban labor market may turn into a "sea of unemployment and underemployment."[11]

Dr. Hauser made the following comment as he released the study: "The Negro will increasingly hold the balance of power in metropolitan centers. As he leaves the rural South for the urban North, he is becoming strategically located." Hauser noted that many other major urban centers face the prospect of eventually becoming "Negro cities." Hauser also predicted that more members of Congress and northern state legislatures will be Negro.[12]

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7. Bunting, Ashby & Prosper, Jr., *Labor Mobility in Three Southern States*, 14 IND. & LAB. REL. REV. 432, 441 (1961).

8. The meaning of the term "ghetto" has significantly changed since the 1920's when Louis Wirth and other sociologists used the word to describe a voluntary community of ethnic group concentration. Now it refers to an area of socially and economically deprived people belonging to a racial caste group suffering acute social disorganization and enforced segregation. The current residents of the ghetto remain outside the "opportunity structure" of the larger society. For a description of the earlier ghetto see WIRTH, THE GHETTO (1928).

9. Bogue & Dandekar, Population Trends and Prospects for the Chicago-Northwestern Indiana Consolidated Metropolitan Area: 1960 to 1990 (Mar. 1962). The Report noted that "Chicago City lost a total of almost 400,000 white residents in the decade and gained a total of 328,000 nonwhite residents in exchange." *Id.* at 7.

10. Chicago Sun Times, Mar. 28, 1962, p. 3.

11. Bogue & Dandekar, *supra* note 9 at 34.

12. Chicago Sun Times, Mar. 28, 1962, p. 3. See also, Hauser, *Demographic Factors in the Integration of the Negro*, 94 DAEDALUS 847 (1965).

As cities take over control of state legislatures to which their population entitles them, Negro political influence will have a new direct impact on state governments and on the national political scene. Thus, for the first time the realistic basis for the development of Negro political power is at hand. The emergence of Negro political power on local, state, and national levels has the profoundest implications for the Negro and for the whole of society. If adroitly and imaginatively used, this new political force can become the single most important factor in ending Negro powerlessness in America, in fundamentally changing the racial situation, and creating the possibility of new directions in American political life. Increasingly Negro voting patterns will indicate a tendency toward independence and the breaking away from traditional coalitions. This will occur as a result of the different order of priority given to social issues by Negroes and whites in urban communities. The increasing concentration of Negroes in large cities as whites move to the suburbs will make possible Negro political control of the urban centers that are the sources of major political power in the nation.

The cry of "Black Power" and the violent outbursts in the northern ghettos are a clear indication of the failure of the so-called liberal-labor-Negro coalition. In the past, northern whites have used this coalition to deflect attacks away from their own discriminatory practices and institutions, but now they have lost that immunity and the coalition is rapidly disintegrating.

In the major cities where this coalition existed the racial situation did not change for the great majority of Negroes, especially those submerged in the slum ghettos. Thus, as a result of vast frustration and a growing sense of race pride and identity, together with the potential mobilization of great numbers strategically located, Negroes will increasingly engage in large scale bloc voting in an attempt to end the traditional powerlessness of Negroes in American society. As the classic forms of redress fail to operate for the inhabitants of the ghetto, there will either be meaningful political and community organization within the ghetto for social change or violent outbursts against the de-humanization of ghetto life.

Although the full force of the Negro voting power remains an unrealized potential in most cities and states because the necessary cohesion has not yet materialized, many significant developments have occurred. For example, after the 1964 elections there were six Negro congressmen and ninety-four Negro state legislators. In the 1966 elections 4 Negroes won state-wide offices, 6 were re-elected to Congress, 140 elected to state legislatures in 23 states and several to judicial positions.

The victorious campaign of Attorney General Edward Brooke of Massachusetts for the United States Senate is important, as he will be the first Negro since Reconstruction to sit in the upper chamber. However, the most significant progress has been made on municipal and county levels of government as are indicated by the following examples. In 1966, the first Negro sheriff was elected in Macon County, Alabama. In Los Angeles County, twenty-two Negroes now hold elected public office. Springfield, Ohio and Richmond, California have Negro mayors and Negroes serve as elected officials on the Dayton, Ohio City Commission, Pittsburgh, Pennsylvania City Council and the Newark, New Jersey City Council. The highest elected office in Essex County, New Jersey is held by a Negro as is the borough presidency of Manhattan, New York City.

A Negro lawyer, Carl B. Stokes, lost the 1966 mayoralty election in Cleveland by a narrow margin of 2,458 votes in a sharply contested election. Stokes has charged that his opponent was elected as a result of wide-spread fraud and has indicated that he will run again for mayor of Cleveland. It is quite possible that he will become the first Negro mayor of a major American city.

Sophisticated Negro leadership is effectively promoting the realization of Negro political power. In several important instances the Negro bloc vote has provided the decisive margin of victory in several state and national elections.[13] In the past, efforts to realize the potential of Negro voting power was limited to some local and state areas, but with each national election a greater portion of the potential is realized as the Negro vote moves toward becoming an important national political force. The basis for this development is of course the large and growing Negro population concentration in the major cities of the country.

As the cities become predominantly black enclaves, Negroes will achieve political power in many urban communities. This development will provide the basis for Negro involvement in public administration, institutional leadership, and local government. Until recently Negroes were permitted to function as leaders only within very limited all-Negro institutions such as Negro churches, colored labor unions, fraternities, and similar organizations. The rise of black cities with Negro public administrators wielding power is certain to have the profoundest consequences for the future development of Negro life in America. It may also mean a movement away from dependence upon the federal government in civil rights conflicts and other social issues and toward the assertion of local urban autonomy.

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13. MOON, BALANCE OF POWER: THE NEGRO VOTE (1949).

The Negro protest against racism in the North is not new, but the intensity of the attack, the mass character, and sense of power of the movement, is a recent phenomenon. Its roots lie in the great migration North which has been steadily increasing during the last 30 years. From 1950 to 1960, 1.5 million Negroes left the South for North Central, and Northeastern areas. In 1900, only five percent of Negroes lived in the Northeast and six percent in North Central areas of the United States, but by 1960 the former area contained 15 percent nonwhites and the latter 18 percent. In 1900, the South contained 87 percent of America's Negroes. By 1960 the percentage was down to 56 percent.[14]

The bulk of the migration represented an increase in the central cities of the twelve largest metropolitan areas: New York, Los Angeles, Chicago, Philadelphia, Detroit, San Francisco, Oakland, Boston, Pittsburgh, St. Louis, Washington, D.C., Cleveland, and Baltimore. Combined, these cities hold 60 percent of the northern Negro population and 31 percent of the total Negro population.[15]

Between 1940 and 1960 the Negro population of Philadelphia doubled and is now 26.4 percent of the total population. In Detroit, during the same 20-year period, the Negro population more than tripled and is now almost 30 percent of the city's population. During this period the Negro population increased by six hundred percent in Los Angeles County. Negroes make up 53.9 percent of the population in Washington, D.C., 37 percent of the population in New Orleans, La., 34.7 percent in Baltimore and 28.6 percent in Cleveland, Ohio.[16]

Beginning in 1900, in New York City, the proportion of Negroes to the total population increased in each successive decennial census. The absolute number also increased during each decade. By 1960, the number of Negro residents had multiplied in every borough of New York City ranging from nine times the 1900 population in Richmond to 69 times the 1900 population in the Bronx. In Manhattan, which has the largest concentration of New York City's Negroes, the 1960 Negro population was 11 times greater than that of 1900. In 1960, the Negro population in Brooklyn was 20 times greater than the Negro population in 1900, and in the Borough of Queens the Negro population was 56 times greater than the Negro population in 1900. The proportion of Negroes in the total population of Manhattan increased

14. HOUSING AND HOME FINANCE AGENCY, OUR NONWHITE POPULATION AND ITS HOUSING 2 (July, 1963).
15. Silberman, *The City and the Negro*, 73 FORTUNE 88, 88 (Mar. 1962).
16. CLARK, DARK GHETTO 24 (1965).

consistently from under two percent in 1900 to 24 percent in 1960, and in Brooklyn the Negro population increased substantially every ten years.[17]

A recent study of population growth and its social consequences in southern California notes that:

> Rural Southern Negroes were a large part of the population growth of Southern California during the 1950s and 1960s. While the California population grew 48 percent in ten years, the Negro portion of the population increased 91 percent; while the Caucasian population of Los Angeles County grew 40 percent the Negro portion grew 111 percent. Each month about a thousand Negroes were coming to Los Angeles County which now has more than half a million Negro Americans.[18]

In 1910, eight out of ten Negroes resided in one of the 11 deep southern states, and over 90 percent of these Negroes resided in predominantly rural areas. Between 1940 and 1950 the Negro population increased two and one quarter times outside the South.[19] Thus, Negro migration to the northern states must be understood as an exodus from the South. According to the 1960 population census, of the 1,129,704 non-whites living in the New York Standard Metropolitan Statistical Area (SMSA) in 1960, more than 39,000 lived in North Carolina, South Carolina, Georgia, and Alabama in 1955. Similar migration took place into other northern cities. Nearly 19,000 Negroes moved from Mississippi to the Chicago SMSA between 1955 and 1960 and 3,555 Negroes left Alabama for Cleveland during the same period.[20]

In none of the ten northern cities with the largest colored populations was the percentage of southern-born Negroes less than 39 percent as in New York City. The highest percentage of southern-born Negroes was in Cleveland with 48 percent.

Keeping nearly perfect pace with the Negro migration has been the development of residential segregation. Negroes coming into northern cities have been forced to live in delapidated dwellings with a very high density of population concentration.

In 1950, America's central cities held nearly 7,000,000 non-whites. By 1960, the number had increased 51 percent.[21] Whites, in contrast, were leaving the central city areas. While 52 percent of the white

17. CROMIEN, N.Y.C. COMM'N ON HUMAN RIGHTS, NEGROES IN NEW YORK CITY (July, 1961).

18. LILLARD, EDEN IN JEOPARDY 39 (1966).

19. Silberman, *supra* note 15, at 88.

20. U.S. BUREAU OF CENSUS, U.S. CENSUS OF POPULATION: 1960, Mobility for Metropolitan Areas, PC(2)-2c, Table 3 (1963).

21. OUR NONWHITE POPULATION, *op. cit. supra* note 14, table 7.

population lived in outlying suburban areas, 78 percent of non-whites lived in the central cities and only 22 percent were suburbanites.[22]

It is quite clear that as we enter the second half of the decade the non-white population, predominantly Negro, has come to make up an increasing percentage of our large cities' population. New York City's non-white population in 1960 was 1,141,000; 14.7 percent of the city's population. Between 1950 and 1960 the non-white population of Philadelphia, New York City, Detroit, Chicago, Cleveland, and Los Angeles increased by amounts of between 41 and 97 percent. The pattern is the same for virtually all northern areas. City populations increased due to Negro migration, but whites left the cities during the same years. Chicago, for example, has a 12.8 percent decrease in its white population during a period of large scale Negro in-migration.[23]

In Detroit, the crowding of Negroes into the urban core area did not keep pace with the exodus of whites to the suburbs. During the late 1950s and early 1960s there was an excess of available housing. This condition has now been changed by population influx, highway and school construction, and urban renewal demolition programs so that the quantity of housing available to low-income Negroes has, by 1966, become a critical problem. The fact that Detroit's housing crisis has been slower to develop may account, at least in part, for the absence of violent racial upheaval. As the housing market continues to tighten in the last half of this decade, a test of this hypothesis may occur.

If migrating Negroes had freedom of choice and the economic means to acquire adequate housing on a non-segregated basis, then it is possible that our large cities would be able to absorb their entry and provide decent living conditions. But the opposite has been the case. As *Fortune* editor Charles E. Silberman commented:

> when city officials talk about spreading slums, they are talking in the main about physical deterioration of the areas inhabited by Negroes. And when they talk about juvenile delinquency, or the burden of welfare payments, or any of a long list of city problems, officials are talking principally about the problems of Negro adjustment to city life. For the large city is not absorbing and urbanizing its new Negro residents rapidly enough; its slums are no longer acting as the incubator of a new middle class.[24]

Racial segregation now exists on a vast and growing scale. The masses of Negroes in the major cities of the North live in a rigidly segregated society.

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22. *Id.*, at 3-4.
23. *Id.*, table 7.
24. Silberman, *supra* note 15, at 89.

The tensions of current northern race relations have their roots in the concentration of Negroes in segregated urban slums. The slums are expanding and are growing worse. Upon this continuing fact of residential segregation rests the interlocking problems of race and education, race and employment, and race and political power. Contemporary civil rights struggles are rooted in three major developments: the accelerated growth of the Negro population, the increasing mobility of the Negro population, and the rapid urbanization of the Negro population. The response of American cities to these interrelated developments has been a vast increase in the pattern of residential segregation. The growth of housing segregation has been accompanied by an extension of school segregation, slums, exploitation, poverty, and social disorganization.[25]

Ghetto residents are the victims of consumer fraud and overpricing and pay exorbitant rentals for substandard housing.[26] An Associated Press survey of prices in seven areas of large supermarket stores in Connecticut stated that "people in low income neighborhoods—mainly Negroes—pay more for food." The results of the survey as reported on the front page of the Hartford *Courant*, August 15, 1966, under the headline "Poor Pay Most for Food" quotes the manager of a food supermarket as saying: Negroes pay more for food because "they don't have the transportation to get to the shopping plazas. They have to pay what the local store is charging." The A.P. survey concluded that:

> The same groceries were found to cost considerably more in an independent market in a low income area than they did in a similar market in an upper income area. This despite the fact that the market in the richer neighborhood gave trading stamps, while the market in the predominantly Negro neighborhood did not.[27]

A survey made by the New York *Post* reported that, "Food in Harlem costs more than anywhere else in the city." The report stated that the price of a dozen eggs in Harlem was 20 cents higher than the city wide average and the price of butter 20 cents higher per pound. The same meat sold in Harlem for $1.69 a pound is sold elsewhere for $1.15 a pound.[28] Researchers for the Community Council of Greater New York in making the price survey discovered that the recent in-

25. For a compelling analysis on the social consequences of housing segregation see CLARK, *op. cit. supra* note 16; PAULSEN & KLEINER, MENTAL ILLNESS IN THE COMMUNITY, Ch. 8 (1966).

26. See, CAPLOVITZ, THE POOR PAY MORE (1963); Jacobs, *Keeping the Poor Poor*, in, ECONOMIC PROGRESS AND SOCIAL WELFARE (Goodman ed., 1966).

27. Hartford Courant, Aug. 15, 1966, p. 1.

28. N.Y. Post, Aug. 29, 1966.

crease in living costs affect those with the lowest incomes more than other groups. In New York and elsewhere the poor pay more for goods and services than do other groups in the population.[29]

A recent study made by the Bureau of Labor Statistics concluded that: "For equivalent rents poor families get poorer housing than families with higher incomes. . . . Price collectors found that meat and produce were not as fresh in poor areas and the stores were less clean and orderly." The BLS study also noted that poor families pay more for credit.[30]

The Negro residents of the slum ghettos are experiencing a major crisis of unemployment and underemployment. The rate of unemployment among Negroes living in the Watts area of Los Angeles in the period immediately preceding the riots during the summer of 1965 was 34 percent. This figure exceeded the general rate of unemployment during the Great Depression of the 1930s which was between 22 and 26 percent.[31] In industrial Oakland, 34 percent of the city's 385,000 residents are Negro and 25 percent of Negro adult males are unemployed. Similarly high rates of unemployment in Negro ghettos are to be found in other cities.[32]

Of great significance is the fact that since 1951, the differential in the average income of Negro and white workers has been increasing. By December of 1951, the Negro median wage was approaching 57 percent of the white worker's average income. Since that time, however, the gap between the income of white and Negro workers has been growing steadily greater.[33]

Negroes make up the hard core of those in a permanent condition of poverty far out of proportion to their total numbers in the population. The "census" bureau reported on August 11, 1966 that 36 percent of the nation's non-white families had incomes last year of less than

29. Bluementhal, *Consumer Frauds Thrive in Ghettos*, N.Y. Times, Aug. 20, 1966, p. 1.

30. Groom, *Prices in Poor Neighborhoods*, 89 MO. LAB. REV. 1085, 1085, 87, 89 (1966).

31. The rate of unemployment as determined by the Bureau of Labor Statistics is based upon the number of persons in the labor force actively seeking work. Unfortunately, official figures do not include the significant number of unemployed persons who have been driven out of the labor force as a result of long-term joblessness and who are no longer seeking employment. Thus, many thousands of older Negroes who have exhausted their unemployment insurance benefits as well as a large but indetermined number of young persons who have never entered the labor market in the first instance, are not included in official unemployment statistics which are regarded by many economists as a systematic understatement of true unemployment conditions. The problem of the "hidden unemployed" is especially acute in Negro slum ghettos.

32. Hill, *Racial Inequality in Employment: The Patterns of Discrimination*, 357 ANNALS 30 (1965); Hill, *The Role of Law in Securing Equal Employment Opportunity: Legal Powers and Social Change*, 7 BOSTON COLL. IND. & COM. L. REV. 625 (1966).

33. MILLER, RICH MAN, POOR MAN 84-88 (1964).

$3,000 and thus fell below the poverty line established by the federal government. By contrast only 14.4 percent of white families were living below the poverty line. The non-white median income was $3,971, while the median wage for white workers was almost twice as high at $7,170.[34]

On August 4, 1966, the Bureau of Labor Statistics issued a report indicating that Negro workers living in the ghetto are the major victims of a new economic development—the retreat of industry to the suburbs. The Bureau reported that the growing concentration of industry and business in the suburbs has added new economic pressures upon the status of the poor in major cities.

Data reveals that half of all new industrial buildings and stores built in the last 16 years were constructed outside the central city of the nation's metropolitan areas. "As a result many residents of the central city—whose incomes tend to be low—will find travel to and from work in the suburbs more expensive and time consuming," the Bureau said.

The Report stated that public transit costs increased at twice the rate during the last 16 years as the costs for owner operated automobiles. The Bureau of Labor Statistics concluded that, "tending to work and live in the central city, Negroes have median earnings considerably below those of suburban residents and are more apt to use public transportation."[35]

It has become evident that the political leadership of many municipalities prefer social welfare to social change thus helping to maintain and expand the Negro ghettos. Major cities, such as New York, Chicago, and others have increased the amount of money allocated for welfare programs, thereby merely providing a minimal subsistence life for the residents of the ghetto. All too frequently the projects of the so-called "war against poverty" are simply an extension of these welfare programs. Instead of making it possible—as would a real "war against poverty"—for the poor to exit out of their condition of permanent poverty, antipoverty programs are in most instances merely custodial operations by which public officials believe that they are purchasing racial peace.

This approach, however, only serves to increase the sense of hopelessness of those who live in the ghetto. The growing disturbances in ghetto areas must be understood as the revolt of the powerless against the hopelessness and despair of their lives. Ghetto life has led not only to growing alienation and withdrawal from society, but also to an

34. N.Y. Times, Aug. 15, 1966, p. 20.
35. N.Y. Dailey News, Aug. 15, 1966, § C, p. 7.

increase in social pathology. Dr. Kenneth B. Clark has written that "The dark ghetto is institutionalized pathology; it is chronic, self-perpetuating pathology; and it is the futile attempt by those with power to confine that pathology so as to prevent the spread of its contagion to the 'larger community.' "[36] There is a most unfortunate tendency in American society to prefer the welfare approach as a substitute for economic innovation and social change. This is dramatically demonstrated in the tragic plight of the people of Appalachia who for more than a generation have lived in a permanent condition of welfare poverty and have been reduced to a state of welfare passivity.

Increases in municipal welfare budgets have been paralleled by increases in police budgets in those cities containing the major Negro ghettos. Municipalities are responding to the crisis of the ghetto by expanding the police power and by the establishment of so-called "special forces" concerned with riot control within the ghetto. There is some reason to believe, however, that those who live inside the Negro ghetto will in the future protest against the hopelessness of their condition outside of the ghetto where Negroes will not be the only victims.

What is urgently needed now is to literally wipe out the racial ghettos, to renovate some houses while demolishing the miles and miles of rat-infested decaying slum dwellings, and through a vast new building program in the older blighted sections of large cities create a meaningful urban renewal program.

Every authority on housing problems knows that what now passes for urban renewal is a failure in the most fundamental social sense, because at the heart of all public housing programs is the unsettled question of racial segregation. In most instances these programs simply extend and perpetuate the Negro ghetto.

Together with the destruction of the slum ghetto, open occupancy in hitherto all-white residential areas must become a reality for Negro citizens. Unless the present pattern of segregated housing is eliminated and Negro citizens can escape from the ghetto, the blight of our central cities will increase and the ghettos will continue to expand. State and municipal civil rights laws have been of little value in eliminating the broad patterns of racial segregation in housing. The traditional forms of residential segregation remain impervious to such anti-discrimination statutes.[37]

It is most unfortunate that the housing section of the Civil Rights

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36. CLARK, *op. cit. supra* note 16, at 81.

37. For an examination of the operation of state anti-discrimination agencies see Hill, *20 Years of State Fair Employment Practice Commissions: A Critical Analysis with Recommendations*, 14 BUFFALO L. REV. 22 (1964).

Bill of 1966 has been rendered virtually meaningless. The housing section as amended by the House of Representatives would exempt most individual home sales, that is, at least sixty percent of the housing units in the nation. This would have little or no effect in breaking the Negro slum ghettos.

There has been a similar mutilation of the Demonstration Cities Act which would have established highly desirable social criteria for federal renewal programs in urban areas. The original Demonstration Cities Act proposed a $2.3 billion, 5-year program to upgrade slums in urban areas mostly populated by non-whites.[38] The act finally adopted provides for a very limited $900 million, 2-year program.[39] The new authorizations amount to less than $10 per capita of urban population during the period of the program and will not significantly accelerate or give new social directions to current urban renewal programs.

However, if the racial ghettos are not destroyed, if Negro workers increasingly are forced into the ranks of the permanently underemployed and unemployed, if the social pathology of ghetto life is permitted to grow, and if there are not rapid and fundamental changes in the status of the urban Negro, especially the young people, then the future of American society is in jeopardy.

PART II

HOUSING AND THE PATTERN OF SEGREGATED SLUMS

The movement of Negroes into northern cities has been accompanied by an expanding and increasingly rigid pattern of residential segregation. Negroes migrating to northern cities are forced to live in dilapidated dwellings with improbable extremes of population concentration. Negro ghettos in urban centers have grown in size as white citizens have conversely emigrated to greener, and whiter, suburbs. In New York City, for example, a half-million white persons left the city between 1960 and 1964.[40] Housing facilities for Negroes in the cities are also more expensive and increasingly substandard in comparison with housing for whites.

The existence of intensified geographic isolation is confirmed by statistical evidence. In his 1960 study of housing, *Residence and Race*, Davis McEntire concluded that:

> considering the total non-white population, that data shows, for most cities, a heightening of segregation between 1940 and

38. H.R. 15890, Jan. 26, 1966 (original administration bill).
39. S. 3708, enacted Sept. 1, 1966 (as amended).
40. N. Y. Times, May 5, 1966, p. 37, col. 1.

> 1950. . . . This trend has continued since 1950 according to all available evidence.[41]

A recent study of residential segregation in the United States by Dr. Karl Taeuber confirms and extends the earlier findings of McEntire. Dr. Taeuber devised ratings of 0 to 100 which he called a "segregation index." The higher the figure the greater the degree of segregation. Taeuber found that while the North Central and Northeastern areas had an increase of segregation in the 1940s and a slight decrease in the 1950s, the average ratings for these northern areas in 1960 was an index number of 88 percent and 79 percent respectively—a figure revealing rigid patterns of segregation.[42]

"Substantially the most interesting finding of this research," Taeuber wrote, "is the universally high degree of residential segregation between whites and non-whites within the cities of the United States . . . in every case white and non-white residents are highly segregated from each other. There is no need for cities to vie with each other for the title of the most segregated city; there is room at the top for all of them."[43] Commenting on Taeuber's study, Wolf Von Eckardt emphasized that "there is, if anything, more rigid housing segregation today in our cities than there was a decade ago."[44]

The Negro in 1966 is forced to live in acutely overpopulated[45] substandard, antiquated housing, isolated from society—the Negro ghetto. That such a condition exists is borne out by an examination of major population areas.

An examination of the national pattern indicates that the progress made in providing dwellings since 1950 has not affected the general pattern of Negro housing. The figures regarding the percentage of Negro homes, rented and owned, which are classified as substandard, that is, dilapidated and/or without private tub or bath and hot running water, are most revealing. In 1950, about 70 percent of all white homes were considered standard and at the same time about 70 percent of all the places in which Negroes lived were classified as substandard. The median value of white-owned units was also more than twice as high as that for homes owned by Negroes.

By 1960, nearly ten million white households were newly estab-

41. McENTIRE, RESIDENCE AND RACE 350 (1960).

42. TAEUBER & TAEUBER, NEGROES IN CITIES 37 (1965).

43. Address by Karl E. Taeuber, American Sociological Ass'n Meeting, 1962. Quoted in 32 J. OF NEGRO ED. 402, 403 (1963).

44. Von Eckardt, *Black Neck in the White Noose*, 49 NEW REPUBLIC 14, 17 (Oct. 19, 1963).

45. Harlem is one of the most congested areas in the western hemisphere. According to the Wall Street Journal of August 8, 1963, "Population density in a typical district runs 982 per acre of housing, on six times the city average." *Id.* at 1.

lished and almost one-and-one-half million non-white households were newly established. Of the new increased total nearly 90 percent of the white homes conformed to standard housing criteria, whereas only 56 percent of the Negro dwellings were standard. Less than half of all Negro homes were substandard in 1960 and the median value of white homes was almost twice that of Negro homes.[46]

Housing conditions for Negroes in the North are characterized by the advanced age and deteriorating state of the buildings, the large percentage of substandard units, and the very high rate of population density. Housing in the North is newest and in good condition where Negroes are very few in number, or are established residents constituting a small part of an older community. Because most Negroes are excluded from the general housing market for both racial and economic reasons, the deteriorating city ghetto remains the only available area in which the great majority of urban Negroes are able to find housing. Negroes are forced to look for homes in older, segregated, and already blighted areas. When the Negro moves into a previously white area, the white community most frequently responds to his arrival by various forms of resistance and eventual abandonment of the neighborhood. Integration occurs during the brief span of time which lapses between the appearance of the first Negro and the exit of the last white.

The average city consists of a segregated core near the business district, surrounded by zones of concentrated, mixed, and dispersed tracts. Within these are smaller districts in which Negroes comprise a significant portion of the population. Philadelphia, for example, has nine segregated areas, each bordered by census tracts of lesser non-white concentration.

In the southern cities, segregation has a wider geographic spread, and many whites live in census tracts in which Negroes also live. In the North, the majority of whites live in census tracts which are all white. Residential segregation in the North and South differ only in form. The South's segregation is more rigid on a block-by-block, street-by-street basis. In the North, segregation is area wide. In New York City, 68.2 percent of non-whites lived in completely segregated areas in 1950, and only 29.9 percent lived in mixed areas. Among the white population, 65.9 percent lived in all white areas, and only 32.8 percent lived in mixed areas. In Chicago, 81 percent of the city's Negroes lived in totally segregated areas, as did 74.1 percent of Detroit's Negroes and 76.1 percent of St. Louis'.[47] The pattern has significantly increased in many other areas. Chicago census tracts that

46. OUR NONWHITE POPULATION, *op. cit. supra* note 14, table 24.
47. MCENTIRE, *op. cit. supra* note 41, table 6, pp. 35-6.

had been ten percent non-white in 1940 lost 31,000 whites and gained 119,000 non-whites by 1950.[48] The increased density, due to Negro migration, was not matched by any corresponding increase in the available housing supply. The result was aggravated over-crowding in an already heavily concentrated ghetto area, as all-white areas became less crowded.[49]

Deterioration of housing is usually well advanced before Negroes move into new areas of the large northern cities. Old houses, built for an earlier and higher income group, have become obsolescent in the white market before the Negro migrant arrives. New occupants make use of these antiquated structures by sharing rooms among different families or individuals, although the units were not meant for multi-family occupancy. The houses, which do not contain proper cooking, sanitary, or plumbing facilities, are rented out by unscrupulous landlords who rent entire families single rooms at high rentals. These "slumlords," as they have come to be called, rent out such quarters while only minor penalties are imposed by local city courts. Landlords repeatedly pay these fines as a small business expense and refuse to spend the large sums necessary for building repairs. In New York City, for example, a slum landlord was fined less than 80 cents each for 223 violations of the municipal housing code between December, 1965, and March, 1966.[50]

At the time of the riots in Cleveland during the summer of 1966, the Cleveland Housing Commissioner acknowledged that his department was 14,500 inspections behind schedule. Within the ghetto in Cleveland, as elsewhere, the most flagrant violations of the municipal housing code remain undetected for many years. The Commissioner of Housing has stated that because of budgetary limitation it is impossible to enforce the housing code in Cleveland, where the amount alloted for the city's shade trees is greater than the amount allocated for enforcement of the Housing Code.[51]

Davis McEntire found that the Negro population received much less than their proportionate share of increased housing resources. The percentage of white occupied dwellings exceeded the growth of the white population between 1940 and 1950, but the reverse was true for non-whites. At the end of the decade Negroes had less housing per capita than at the beginning. Between 1950 and 1960, one free unit

48. *Id.* at 41. McEntire also states that "In the comparable tracts of Philadelphia, 69,000 whites were replaced by 113,000 non-whites." *Ibid.*

49. *Id.* at 38-41.

50. N. Y. Post, June 17, 1966, p. 5.

51. Fischer, *Why Hough Got Tough—The Real Agitators*, 52 NEW REPUBLIC 10 (Sept. 16, 1966).

existed for each of the 2.2 persons added to the white population. But for Negroes, one unit was available for each 4.7 added persons during these years.[52] The share of basic housing inhabited by Negroes was deficient in many aspects. Although the census "defines a standard dwelling unit as one that is not dilapidated and that is equipped with a private toilet, bath and hot running water"[53] many Negroes occupied units that do not conform to this modest standard. Two-thirds of all occupied dwellings and four-fifths of all urban dwellings complied with this standard in 1950. But only one-fourth of all non-white dwellings approached this level, and less than one-half of Negro urban dwellers were living in houses of standard quality.[54]

The question has been raised as to whether income level is responsible for the poor quality of Negro housing. If the Negro had more to spend for housing, so it is frequently held, then his housing would not be in such bad condition. The data, however, indicates that Negroes obtain less housing and worse facilities than whites for equivalent expenditures. If income were the sole factor responsible for disparity in housing quality, it would be logical that within each economic class, the percent of whites and non-whites occupying standard dwellings would be comparable. The reality is that the white, non-white housing differential exists in all income categories. At every income level, Negroes occupy a significantly smaller percent of standard dwellings than white families with similar incomes. In 1960, 25 percent of non-white families with incomes of over $5,000 occupied 72,000 units which lacked some plumbing, 54,000 dilapidated units and 138,000 deteriorating units. The comparable percentage for white families earning over $5,000 and living in such deficient housing was only 8 percent.[55] Of Chicago families whose 1950 income was between $4,000 and $5,000 four-fifths of white renters, but less than half of Negro renters, obtained standard dwellings. Non-white households with incomes in excess of $5,000 were found to be as crowded as those of lower income Negro households.[56]

The fact that the segregated housing available to Negroes is of an inferior quality does not mean that Negroes pay less for their housing. On the contrary, Negroes in the North and West paid gross rents equal to 90 percent or more of white median rents in all classes. "Non-whites were thus in a position of near equality in rent," McEntire writes, "but gross inequality in the character of their dwellings."[57]

52. McENTIRE, *op. cit. supra* note 41, at 119.
53. *Id.* at 122.
54. *Id.* Ch. vii in general.
55. *Id.* at 136, and J. OF NEGRO ED., *supra* note 43, at 406.
56. McENTIRE, *op. cit. supra* note 41 at 125-28, 138, 140-41.
57. McENTIRE, *op. cit. supra* note 41, at 145.

Negroes as a rule pay considerably more for housing that is equivalent to that occupied by whites. Dr. Robert C. Weaver, writing in 1948, stated that "the non-white family receives less housing value for the same price than does the white group which has access to an open housing market."[58] Summarizing the recent data, McEntire concludes that, "the failure of non-white minorities to obtain housing of comparable quality to that of whites, even when they pay the same prices, is a basic and enduring feature of their housing situation."[59]

Landlords frequently refuse to rent to Negroes despite the existence of state non-discrimination laws. A team of workers from local NAACP and CORE chapters in Southern California, one white and one Negro couple, attempted to rent various apartments only one half hour apart. In one case the Negro couple was told in a telephone conversation that apartments were available. However, immediately after informing the manager that they were Negro, he refused to rent and said that agents in Inglewood district were not allowed to rent to Negroes. At another apartment, the manager told the Negro couple that no apartments were vacant, but that the vacancy sign was permanently displayed. Fifteen minutes later the white couple arrived and was shown an immediately available one-bedroom apartment. The same discriminatory policy was found when Negroes attempted to purchase private homes on the open market. The team found new techniques which had been developed to circumvent the law and prevent purchase by Negroes. The broker who showed the homes to the white couple told them:

> "Attorney General Mosk has sent notices to all real estate brokers to give equal treatment to all inquirers and to conform with the new law. Mr. Wells, the owner, has insisted on courteous treatment to all Negroes. That is why we show them the homes and give them information. But you don't have to worry about Negroes moving in here. Whenever they come we refer them to Mr. More . . . there are always ways to get around them. We first ask for their employment verification and consider if their income is substantial enough. We can always tell them 'I don't think you will qualify.' "[60]

Dr. Frank S. Horne, a noted authority on urban housing, pointed out that 80 percent of the Negro population of New York City was in four or five areas of the city. He further testified that, "The resultant overcrowding and congestion has reached unimaginable extremes in

58. WEAVER, THE NEGRO GHETTO 261 (1948).

59. MCENTIRE, *op. cit. supra* note 41, at 149.

60. U.S. COMM'N ON CIVIL RIGHTS, HEARINGS, *Housing*, Los Angeles, 207-14 (Jan. 24-26, 1960) [hereinafter cited as HEARINGS]. From 1959-61 the U.S. Commission on Civil Rights travelled the breadth of the United States conducting hearings.

some areas. If the population density in some of Harlem's worst blocks were translated in larger terms, we could fit the entire population of the United States into three of this city's five boroughs."[61]

"Everybody knows" declared Alfred J. Marrow, chairman of New York City's Committee in Intergroup Relations in 1959, "that New York City has long been a pioneer in the task of establishing and maintaining equality for all its citizens." New York is an "open city" claimed Mr. Marrow.[62] As in all other northern cities, this claim of equality has little basis in fact. The extent to which the Negro and Puerto Rican residents of New York suffer acute disadvantages due to poor housing was revealed by the testimony of expert witnesses at hearings held by the United States Commission on Civil Rights.

Edward S. Lewis of the Urban League of Greater New York pointed out that in 74.4 percent of the city's tracts there are no Negroes at all or fewer than one in a hundred. The congested areas could easily be located, Lewis suggested, "by looking for the neighborhoods that report the highest rates of tuberculosis and infant mortality, the greater incidence of fires and disproportionately high rate of juvenile delinquency problems."[63]

The reality of the segregated housing pattern in New York was further detailed by Dr. Algernon D. Black, Chairman of the National Committee Against Discrimination in Housing. Dr. Black reported that from 1950 to 1956, the New York and New Jersey SMSA experienced a 50-percent increase in non-white households.[64]

"Go West young man" used to be the clarion call issued to indicate the vast spaces where the free individual could find new opportunity and living space. But for the contemporary Negro, the California area shows a pattern similar to that found in other American metropolitan centers. As Frank Quinn of the Council for Civic Unity put it, "We believe that there is more racial segregation here than at any time in our history. In terms of numbers more people live in all-white or all-non-white areas . . . the trend toward heavier concentration is greater than that toward integration."[65] In 1950, 70 percent of the Negro population in the Bay Area was concentrated in San Francisco, Berkeley, and Oakland. In these three cities the non-white population has increased in proportion to the white population. In San Francisco there was a decline of approximately 6,000 whites in the 1950-1960 decade

61. HEARINGS, New York 72.
62. *Id.* at 77.
63. *Id.* at 301.
64. *Id.* at 354.
65. HEARINGS, San Francisco 547.

but a non-white increase of about 21,631 occurred between 1950 and 1958. In Oakland, the Negro population is now approximately 30 percent of the total.[66]

Out of 100,000 new units built in the six Bay Area counties between 1945 and 1950, less than one percent were available to non-whites. Between 1950 and 1958, 335,000 new houses were built. Sixty percent, or 200,000, had been constructed with FHA and VA guarantees from the federal government. Less than 3,000 of these houses, under 1.5 percent, were offered and sold to the 10 percent of the population which was non-white. Half of the 3,000 were in census tracts which were expressly planned as segregated non-white subdivisions. The other 1,500 were in scattered locations where non-whites already resided. Less than 50 non-whites were able to buy new houses on tract sites open to all buyers on a first come, first serve basis.[67]

Data shows, as Frank Quinn stated, that "the cities here . . . are being left to non-white minorities." The Ingleside district changed in four years from holding a 10 percent non-white population to 90 percent. As in other cities, urban renewal created more problems than it solved. Freeways and commercial developments were constructed in renewal areas and new homes for displaced families were non-existent. In the West Oakland area a twelve-block section had been vacated to put up a post office. Without any relocation help offered to tenants, the non-white residents moved to the next area of the city. "We are razing slums and raising slums," said Quinn, " 'razing' in the sense of cutting them down, and 'raising' in the sense of creating new ones."[68]

According to a recent report on urban renewal in the Fillmore district, the Negro section of San Francisco where Negroes previously lived in converted Victorian mansions and "Where once a small apartment cost $39 a month, the new buildings rented three bedroom apartments for up to $595. Negroes then moved into other low rent districts, and more whites moved completely out of the city."[69]

Highway construction frequently occurs in areas where the majority of the residents are Negroes. Although provisions to move displaced persons into decent, safe, and sanitary housing are provided in the eligibility requirements for new construction, no assurance is given that new housing will be constructed to house the displaced population. The legally required protections for displaced families are often nulli-

66. *Id.* at 548-50.
67. *Id.* at 549.
68. *Id.* at 550-53.
69. N.Y. Post, Aug. 19, 1961, p. 3.

fied by social conditions as displaced persons are confined to ghetto areas. Although Los Angeles and San Francisco both have ordinances against discrimination in redevelopment projects, real estate boards continue blatant discriminatory policies and a shortage of low-rent housing exists. Overcrowding continues to persist and daily becomes a more serious problem.[70]

In Los Angeles the Negro population increased twice as fast as the white population in the nine years after 1950. Eight percent of Los Angeles' growing Negro population lived in 21 percent of the city's 300 census tracts. Between 1950 and 1956 there was a 58 percent increase in tracts of Los Angeles County which were from 50 to 100 percent non-white. Segregated areas greatly increased in the Los Angeles central city area, as they did throughout the country. In one area, West Covina, population grew from 4,499 in 1950 to 48,490 in 1959—an increase of 1000 percent. Yet the Negro population in the area increased from 100 in 1950 to 194 in 1959. This number did not describe bona fide Negro residents, but domestics working in the area.[71]

"It is a paradoxical but unhappy fact," Professor Donald J. Hager said, "that despite a significant, but not sufficient, increase in the total supply of housing in the nation and in laws prohibiting discrimination in housing that there has been an increase in the amount, absolute amount, of residential segregation."[72] Hager attributed this fact to the high rate of white population migrating to the suburbs; the reduction in the mixed occupancy pattern of central city areas, and the barring of minorities from the housing market which forces Negroes to remain in segregated areas and does not let them leave if they so desire.[73]

Despite a somewhat greater dispersion of Negroes in more census tracts since 1950, residential segregation in the Los Angeles area increased. Negroes paid substantially more for rents for accommodations similar to those occupied by whites. Of 26,000 dwelling units occupied by whites and 8,000 occupied by Negroes at similar rentals, the percentage of dilapidated units was twice as high among Negro residents. A racially restricted market, with heavy demand and short supply, creates rental boosts and high purchase prices on whatever poor quality housing is available. The 14,000 new units built since 1950 were not commensurate with the increase of 221,000 non-white residents through July of 1959. New units were built in segregated pockets of the city and Negroes acquired formerly white occupied second-hand housing in

70. HEARINGS, Los Angeles 26; San Francisco, 699-706 (remarks of Mrs. Tarea H. Pitman, W. Coast, Reg. Sec'y NAACP).
71. HEARINGS, Los Angeles 129-30.
72. *Id.* at 141.
73. *Id.* at 141-42.

the central city. Both old and new housing served "only to perpetuate and expand segregation, not prevent it."[74]

Negroes were restricted due to the policies of real estate brokers, builders, and mortgage financing institutions which held the power to grant or withhold approval of applications for housing or loans for housing. The real estate code sanctions punitive action against brokers who introduce Negroes and other non-whites into white neighborhoods. The South West branch of the Los Angeles Realty Board openly refuses to sell homes to Negroes in white areas, and the association excludes Negro brokers from membership. Managers of multiple unit housing in white communities also discriminate, although many of these large housing developments were built with Federal Housing Administration guaranteed loans. Even on the perimeter of the local Negro community, five such large developers refuse to rent to Negroes. The 14,000 new units which Negroes occupy were built in the Negro ghetto and were meant for Negro occupancy only. When builders try to meet the rapidly growing needs of the Negro housing market by producing inexpensive homes with a very high rate of population density, they create potential slums. Such housing is built within minimum standards of construction, and therefore has a very high rate of obsolescence. One firm built 3,000 units in multiple structures. They did provide new housing for Negro families, but within the first three or four years the buildings were listed as deteriorated.[75]

Chicago, Illinois; Segregated Metropolis

Chicago, Illinois, serves as the major reference point for the study of Negro housing in the North. The problems of substandard housing, overcrowding, dislocation due to urban renewal, flouting of anti-discrimination laws and all the other evils of racially segregated housing patterns exist in New York, Philadelphia, Cleveland, Los Angeles, San Francisco, and other major cities outside of the South. Every grievance to which the northern Negro is subjected exists in Chicago in magnified form. A tightly segregated ghetto with all-Negro inferior public schools, extensive poverty, frequent violence against Negroes and opposition to de-segregation from the city government, are all factors in creating the frustration and bitter anger expressed by Negroes forced to live in the slums of our major cities.

Spokesmen for Chicago's municipal government proclaim progress for Chicago's Negroes in the area of housing. Ira J. Bach and Clifford J. Campbell of Chicago's Department of City Planning proffered statis-

74. *Ibid.*
75. *Id.* at 161.

tics to demonstrate that Negro housing has vastly improved. Bach and Campbell claim that while 22 percent of Chicago's dwellings were substandard in 1950, only 15 percent were in this same condition by 1959. "What it all boils down to," said Mr. Bach, "is that we have more and better housing than we had just seven years ago, and we are building housing at a faster rate than the increase in demand for it is measured by population growth." Moreover, the gains are shared "by white and non-white householders alike."[76] Non-white units increased 63 percent while the population showed only a 47 percent rise. While 50 percent of non-white units were substandard in 1950, less than 31 percent were substandard in 1959.[77] But the facts produced by authoritative studies of Chicago housing, undertaken by scholars, civil rights organizations, and housing experts, strikingly contradict the testimony of Messrs. Bach and Campbell.

Chicago is a tightly segregated city. This is the incontrovertible conclusion that emerges from these studies. Davis McEntire showed that in 1950, 81 percent of Chicago's Negroes lived in totally segregated areas, 18 percent lived in mixed areas, and one percent lived in white areas.[78] In the ten years between 1950 and 1960, a 64.4 percent increase of the Negro population took place. At the same time the white population decreased by 12.8 percent. Segregation has also substantially increased since Davis McEntire made his 1950 study.[79]

In 1940, eight percent of the city's population was Negro. The great bulk lived in one long narrow ghetto south of the loop in the so-called "South Side," near the central business district. In 1940, there were 66 census tracts that were 30 percent Negro and contained over 80 percent of the Negro population. In 1960, the situation had become considerably worse. Census tracts that held less than five percent of the Negroes contained 89 percent of the white population. There are now 152 census tracts that are 80 to 100 percent Negro. "Chicago has remained a highly segregated city," comments Charles Silberman, "despite the enormous increase in Negro population."[80] Census tracts that had been 10 percent Negro in 1940 lost 31,000 whites and gained 119,000 Negroes by 1950. "By almost any measure," McEntire wrote, "the nonwhites of Chicago are one of the most highly segregated racial groups in the country."[81]

McEntire clearly established that Chicago's housing for Negroes

76. HEARINGS, Chicago 673.
77. *Ibid.*
78. MCENTIRE, *op. cit. supra* note 41, table 6, p. 35.
79. OUR NONWHITE POPULATION, *op. cit. supra* note 14, table 7.
80. Silberman, *supra* note 15, at 90.
81. MCENTIRE, *op. cit. supra* note 41, at 41, 44.

was as poor in quality as Negro housing in the deep South, and was worse than that of any other northern city except St. Louis, Missouri. "The widest racial difference," McEntire explained, "was not in the South but in Chicago." Negro renter units were smaller than white dwellings by an entire room although Negro families had larger households. Negroes were disadvantaged as to both the quality of their homes and available living space. Negro households had fewer rooms than white units in every income class. Forty percent of Chicago's Negroes in each income class lived in crowded conditions of more than one person per room.[82]

The rent paid by Negro families for the inferior housing was not appreciably less than that paid by whites for standard units. When Negroes did obtain larger dwellings, they were still not large enough to compensate for the larger households. In every metropolitan area, at every income level, Negro households were more densely crowded than corresponding white units. This disadvantage was greatest in Chicago, where white dwellings were a room or more larger in the rent range of $20 to $50 per room.[83]

Other studies confirm McEntire's depiction of the Negro ghetto in Chicago. Testifying before the U.S. Commission on Civil Rights, Dr. Hauser of the University of Chicago declared that "the Negro population in Chicago is probably as segregated as any large city of the United States and, perhaps, more so than most."[84] The population has expanded from the inner core they occupied in 1910 and spread to areas adjacent to the original site of Negro residence. By 1950, it would be necessary to move 85 percent of the Negro population to affect the city's distribution pattern to match that of the white population.[85]

Hauser concluded that the average Chicago Negro household paid as much rent for their housing as the average white household, received much less for the same amount of money and, furthermore, paid this amount from a much smaller family income. The average Negro income in Chicago was $3,947 compared to the average white income of $5,517. Secondly, landlords renting to Negroes took what amounted to a bonus of $15 per month for renting to Negroes. Thirdly, recent Negro migrants occupied substandard units twice as often as Negroes who lived in Chicago over two years. Finally, Hauser pointed out that although the total housing supply of Chicago increased by 59,000 units between

82. *Id.* at 125-28, 138, 140-41.
83. *Id.* at 155.
84. HEARINGS, Chicago 630.
85. *Id.* at 633.

1950 and 1957, it decreased by 3,000 units in the deteriorated Negro central city area. Housing for Negroes then is substantially worse in every respect than it is for whites.[86]

The analysis provided by Hauser refutes the claims of progress advanced before the same Commission by Bach and Campbell, Chicago's city planners. It is true, as Hauser explained, that substandard units decreased from 23 percent in 1950 to 15 percent of all units in 1957. But the decrease varied from differing city areas. In the rapidly deteriorating all-Negro central city area, substandard units decreased from 67 percent to 53 percent. In the white central deteriorating area, substandard units decreased from 42 percent to 28 percent, and in the mixed area they decreased from 26 to 20 percent.[87] The data shows that in the inner Negro zones of Chicago, despite the supposed progress, "substandard housing still constitutes from one-fifth to over one-half of all housing units; and is over one-half of all housing units in the almost solidly non-white area."[88] What Bach and Campbell did in testifying before the U.S. Commission on Civil Rights was to perform a statistical sleight of hand, to present a gross over-all figure for the decrease in substandard housing, and to draw the incorrect conclusion that both whites and Negroes equally benefited from this decrease. These two Chicago municipal officials manipulated their statistics thus obscuring the debilitating effects of increased racial segregation in Chicago.

In a study published in 1960, Professor Hauser elaborated further on the testimony he presented to the Civil Rights Commission. Hauser pointed out that the rapid immigration of Negroes together with a housing shortage in the 1940s produced doubling up of families and the creation of atypical family groups. Negroes compete for housing in a separate housing market. The heavy demands in this market combined with population increase produces additional congestion and greater residential segregation. Lower income Negro families have the most difficulty in securing standard housing in Chicago and over one-third of lower income Negro families occupy substandard housing.[89]

From 1940 to 1950 overcrowded units increased by 6 or 7 percent. Between 1950 and 1957 they decreased 5 percent. But overcrowding in Negro households increased from 22 to 28 percent between 1940 and 1950, and decreased by 12 to 16 percent of the 1950 number through 1956. Despite the fact that there has been a slight over-all decrease in the percentage of crowded units, "the proportion crowded remains at least four times as great as the proportion crowded for whites." In

86. *Id.* at 634-35.
87. *Id.* at 631-35.
88. *Id.* at 635.
89. DUNCAN & HAUSER, HOUSING, METROPOLITAN CHICAGO, ILLINOIS 15 (1960).

1956, 17 percent of whites and 31 percent of Chicago's Negroes lived in situations with more than two persons per bedroom.[90] "In Chicago," Hauser and Duncan conclude, "Nonwhites are more than twice as likely as whites to be living in substandard housing if they are renters, six times as likely if they are home owners."[91]

A report on housing in Chicago issued by the Research Department of the Chicago Urban League provides further substantiation for the evidence provided by Hauser. "Our city is not only a segregated city from a residential point of view," said Edwin C. Berry, director of the Chicago Urban League, "but it is getting more segregated."[92] Negro relocatees are not at liberty to take advantage of vacancies in the total housing supply. While the Negro community increases at the rate of 600 new migrants per week, the white community decreases at the rate of 300 per week. The net population increase of 16,000 per year is due entirely to Negro immigration. Because the Negro cannot live where his resources lead him, he crowds "into those areas prescribed for Negro residence and continues the cycle of struggle for decent houses in a good environment."[93]

Out of 115,504 new units built in Chicago between 1950 and 1958, 54 percent were single family dwellings, 31 percent were private apartments, and 9 percent was public housing. New housing in Negro areas amounted to 17,820 units—16 percent of all the new housing built during the period. During the same years the white suburban ring surrounding Chicago had an additional 276,939 units built. Less than 1,000 of these, one-half of one percent, were purchased by Negroes. Chicago, the Urban League concluded, had more residential segregation than Birmingham, Alabama.[94]

Clearly the plight of the northern Negro is ironically becoming more aggravated in an era of national prosperity. Statistically, a growing Negro community is living within an inflexible geographic area containing substandard and rapidly deteriorating housing for which he is required to pay an exhorbitant price. As the rest of society achieves even greater affluence in a period of growth and prosperity, the Negro finds his economic position, like his housing, deteriorating.

Urban Renewal

Urban renewal programs have become a major and growing problem to the Negro urban population. Urban renewal does not provide

90. *Id.* at 648-49.
91. DUNCAN & HAUSER, *op. cit. supra* note 89 at 188-93 (1960).
92. HEARINGS, Chicago 842; Report of the Urban League, 846-74.
93. *Id.* at 843.
94. *Id.* at 849-50.

for a supply of good new housing to be made available to the dislocated residents of slums, but only that the inventory of housing be increased. In most instances the new housing is not occupied by the previous residents of the ghetto area that has been "renewed." Relocation of families displaced by urban renewal has therefore become the most important problem for Negro slum dwellers, and failure to resolve it, as the United States Commission on Civil Rights reported, "has often resulted in the elimination of one blighted area and creation of another." Moreover, the federal government's Urban Renewal Agency (URA) does not prohibit discrimination in housing built on urban renewal areas. Since the redeveloper has control of the rental and selling, Negroes are often excluded.[95]

The operation of urban renewal has justified the belief of civil rights organizations that "urban renewal means Negro removal." Because URA displaces people without providing alternative housing, it frequently worsens slum conditions and aggravates the housing scarcity for Negroes. All too often demolished housing is replaced with high income apartments which are beyond the means of displaced Negro slum residents. Frequently, renewed areas are developed for strictly non-residential purposes. Statistics for urban renewal programs show that for 231 projects studied, a total of 112,000 resident families, of whom 50 percent were non-white, had been displaced. Out of 115 projects reporting in 77 cities, 43,000 families had been relocated by the end of 1957—30,000 of the families were non-white. Displaced residents were rehoused partly in public housing but mainly in nearby areas which were already overcrowded and marked for future redevelopment. Congestion was usually increased in these areas and older inexpensive living space was removed without the opening of new neighborhoods in which the displaced slum residents could afford to live.[96]

The experience of urban renewal in New York City is typical. Slum clearance has resulted in the construction of new luxury housing which displaced Negroes could not afford. Even if the new housing was made equally available to all citizens without regard to race, as James Scheuer, Past President of the Citizens Housing and Planning Council of New York commented, "most of the relocatees from slum clearance areas cannot afford this housing."[97] Reginald A. Johnson, Housing Director of the Urban League, added that by July of 1958, 138,000 families had been involved in relocation programs of the URA.

95. U.S. COMM'N ON CIVIL RIGHTS, REPORT NO. 4, HOUSING 143-44 (1961) [hereinafter cited as HOUSING].

96. MCENTIRE, *op. cit. supra* note 41, at 334-36.

97. HEARINGS, New York 287. See pp. 282-94.

Out of this number, 80,000 families were eligible for public housing. More than fifty percent of this number were Negroes and most of them were not able to relocate into the new and expensive units that had been built in the renewal areas.[98]

Dr. Algernon Black pointed out that URA takes no responsibility for racial occupancy of the new housing. Although in New York City discrimination in housing is banned by both municipal and state law, high rentals restrict occupancy to a very few, if any, of the Negro families. "Urban renewal," Black stated, "is reducing the supply of low rent housing at a time when there is a critical shortage of this kind of shelter." Those displaced are mainly non-whites. The restricted housing market forces them back into an already overcrowded ghetto which extends into fringe areas and creates more slums. "There is evidence that even in New York City, with its nondiscrimination laws, urban renewal, because of the philosophy on which it is operated, the type of housing provided, and the haphazard and competing administration of relocation operations, is creating more slums than it is eliminating with its most deleterious effect on Negroes and Puerto Ricans."[99]

In Chicago, the same pattern exists. The Urban League report emphasized that urban renewal "is working great and undue hardships on the Negro population and on balance, is working more and more harm on the city as a whole." Residential segregation distorted the fundamental purpose of renewal, and made it function within restricted limits. Because Negroes do not have equal access to the entire Chicago housing market, there is no place for dislocated families to go except into the ghetto. Between 1948 and 1956, 80,000 families were displaced. Sixty-seven percent of this total were Negro. In fact, 11 percent of Chicago's Negro population had been forced to relocate in an eight-year period. The future plans of displacement include relocation for 131,000 more people. Of this total, 86,000 would be Negro residents. Negroes were forced to compete for housing in the limited market of the restricted ghetto areas, and urban renewal only re-enforced the pattern of high rents which were paid for substandard quarters.[100]

Wolf Von Eckardt established that urban renewal programs wiped out what he called the "alley dwellings of Negroes," in and around predominantly white areas. Blighted mixed areas were the first targets of URA, and "the noble purpose of clearing the slums merged with the furtive determination of the majority to stem the black tide."[101] Evicted

98. *Id.* at 302-07.
99. *Id.* at 355.
100. HEARINGS, Chicago 859-63.
101. Von Eckardt, *supra* note 44, at 14-17.

Negroes were relocated back into ghettos surrounded by white areas. Seventy-two percent of the national relocatees are Negroes and few return to the renewal area. Half of all renewal land has been used for parking lots, commercial establishments, highways, offices, cultural centers, schools, playgrounds or parks. One-half has been used for new housing—but fewer houses are erected than are supplanted and their rents are too high.

Charles Abrams, now Chairman of the City Planning Department of Columbia University, has summed up the consequences of the operations of the Urban Renewal Agency:

> Thus urban renewal which displaces minorities oppresses more than it benefits them and the requirements of relocation are no more than a frail pretext for appeasing conscience. FHA is a boon to the white middle class and the skilled worker but it carries with it the hidden sanction of exclusion as long as it continues to recognize local zoning practices. . . . Public housing benefits are miniscule as long as it confines itself to cities and offers only tenancy to minorities while excluding ownership.[102]

PART III

PUBLIC HOUSING PROGRAMS: A CRITICAL ANALYSIS

Closely connected with urban renewal is the debacle of public housing programs. In this crucial area we are provided with a major example of how city administrations encourage and promote residential segregation. The 1956 National Inventory of Housing revealed that 400,000 Negroes occupied new units built between 1950 and 1956. This amounted to 11 percent of all non-white occupied dwellings. A disproportionate amount of the new housing occupied by Negroes, however, consists of public housing. In nine major metropolitan areas, public housing represented 53 percent of units occupied by Negroes at the end of 1956.[103]

For the most part, Negroes live in public housing because they cannot afford more expensive private housing or cannot finance the purchase of homes within the city or in suburban communities. Despite the emphasis currently given to the untapped market for private suburban homes for Negroes, the proportion of Negro families able to

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102. National Comm'n Against Discrimination in Housing in Abusing Equal Opportunity in Housing (April, 1963).

103. MCENTIRE, *op. cit. supra* note 41, at 179-80; FHA, TRENDS IN OCCUPIED DWELLING UNITS AND COMPONENTS OF NONWHITE HOUSING CHANGE (mimeo. table Mar. 11, 1959). Areas studied: Boston, New York, Detroit, Philadelphia, Chicago, Los Angeles, Seattle, Dallas, and Atlanta.

pay for new private homes is extremely small. In 1957, a family income of 5,000 dollars was the minimum needed to purchase a new home. Four-fifths of Federal Housing Administration borrowers on new family homes has an income at this level or higher. But a total money income of 5,000 dollars or more was possessed by only one-fifth of all Negro families, in contrast to more than one half of all white families. Due to the dependence of low-income families on secondary income sources which are relatively unstable, the proportion of Negroes who have sufficient continuous income to pay for new housing is actually smaller than appears from the data, when measured by mortgage lending standards.[104]

In virtually every city a far less than adequate amount of public housing was reserved for Negroes although they frequently comprised two-thirds or more of the eligible applicants. While two out of every five eligible whites were admitted to public housing during 1949, only one out of every ten eligible Negroes was admitted.[105] Urban Negroes have come to loudly protest the refusal of housing authorities to give available units to those who clearly have a more desperate need for shelter, while apartments remain vacant at public expense only to accommodate whites.

This policy, as Charles Silberman pointed out, entails a conflict between the goal of housing integration and the need for an increased supply of standard housing for urban Negroes. "In order to maintain the desired racial balance," writes Silberman, "a housing authority frequently has to turn down qualified Negroes in desperate need of housing in favor of whites whose need is far less acute."[106] The New York City Housing Authority quietly abandoned such a policy in February of 1964, after Negro rent strikers protested its existence. The Negro tenants urged that housing be given to Negroes who need it, and not be saved for whites whose need is not as great and who indicate no willingness to live with Negroes.

In reality, the policy of reserving apartments in all Negro projects for a small number of whites is a feeble attempt to avoid grappling with the real problem of housing integration. A small minority of white tenants in all Negro projects does not mean integration, and the effect of such a policy is to perpetuate housing segregation for thousands of Negroes victimized by ghetto living. The meaningful solution is not the reserving of apartments for a few white tenants, but rather in site

104. Housing & Home Finance Agency, Eleventh Annual Report (1957); See also U.S. BUREAU OF THE CENSUS, CURRENT POPULATION REPORTS, CONSUMER INCOME, No. 30 (1958).

105. Detroit Housing Comm'n v. Lewis, 226 F.2d 180 (1955).

106. Silberman, *The City and the Negro*, 73 FORTUNE 88, 154 (Mar. 1962).

selection, that is, to decide where to construct the new projects while they are still in the planning stage.

Concentration of low-income families in projects has the effect of isolating them from the general community. The huge size of the projects, structurally ugly and prison-like in appearance, set them and their residents apart from the surrounding neighborhood and the larger community. Erected in overcrowded slum areas, the projects stabilize, expand, and intensify the existing pattern of *de facto* segregation. Huge structures built in areas of Negro population concentration insure an almost total preponderance of Negro occupants regardless of a city's avowed racial policy toward integration. When Senator Joseph S. Clark, Jr. was Mayor of Philadelphia, he conceptualized this problem from the viewpoint of a city administrator. "We all accept the idea that public housing should be nondiscriminatory," said Clark, "but arithmetic is against us. There are two Negro families eligible by income for public housing for every eligible white family . . . . The whole scheme of things makes for more segregation, not less."[107]

Accepting the inevitability of segregation in public housing, however, only increases the assumption that segregation is the only viable pattern in public housing projects. If segregation is inevitable because more lower-class Negroes need low-cost housing than lower-class whites, then serious efforts to promote integrated low-cost housing will not be made. Examination of the public housing policy of Chicago will afford the opportunity to study how the typical racial practices of northern city administrators perpetuate and extend segregated housing and all the social ills that accompany racial segregation.

Negroes make up the majority of low-income renters in Chicago. Nearly half of the total number of renters with low incomes, 46 percent, are Negro, compared with one-fifth of middle income, one-tenth of high income, and one-tenth of home owners who are Negro. The public housing projects account for three percent of all standard rental units in the city, and 15 percent of all standard housing rented by families earning less than 3,000 dollars per year. Forty percent of project residents have incomes under 3,000 dollars, placing them within the federal government's poverty category. Eighty-one percent of the Chicago Housing Authority projects are occupied by Negroes. However, Negroes comprise only 45 percent of all families who earn less than 3,000 dollars.[108]

The existence of completely segregated housing projects is not the inevitable result of an urgent need to produce housing for poorer

107. Clark, Jr. 7 J. HOUSING 237 (1954).
108. DUNCAN & HAUSER, *op. cit. supra* note 89, at 138.

Negro tenants. From its very inception, the policy established by the Chicago City Council and later by the Chicago Housing Authority has resulted in containing Negroes within the existing ghetto areas. Martin Meyerson and Edward Banfield have shown that the Chicago City Council viewed the problem of approving public housing sites in terms of the effect they would have upon the existing pattern of segregation. Sites which would result in the admittance of Negroes into previously all-white areas were rejected, unless the councilman whose district contained the proposed site was at odds with his political supervisors. Local approval of a site available to Negroes turned on the acceptability of the area for their residence.[109]

The attempt of the Chicago Housing Authority to build 40,000 much needed housing units precipitated a local furor. "On the one hand the leaders of the Council," wrote Meyerson and Banfield, "wanted some public housing. On the other hand, they did not want to do anything which would encourage spread of Negroes into outlying white neighborhoods."[110] The Chicago City Council finally approved only one-third of the original units that were proposed, and only one-sixth were built on vacant land sites instead of two-fifths. While 12,000 families were displaced for the construction of the projects, only 2,000 were relocated back into them. The heavy displacement of Negroes meant that overcrowding would be intensified and that the bulk of new housing would be segregated. Population density in the slum areas was increased, rather than decreased. While the program contained the shortcomings which planners supposedly seek to avoid, politically it was "attractive" because it kept Negroes in the all-colored wards while making it possible for the politicians to claim that they had increased the total number of dwelling units.

When the Chicago Housing Authority proposed an ambitious new program in 1949 to build 40,000 units of low-rent public housing over a six-year period the issue of race and segregation immediately emerged as the single most important question. Meyerson and Banfield wrote:

> In almost all of the opinion concerning public housing the opinion of the State Street merchant, the industrialist, the neighborhood banker, the real estate man, the politician, the labor official, and others—there seemed to be one question in common: Where would the CHA program move Negroes?[111]

The Chicago Housing Authority developed its proposal for new construction because of the rapid decay and spread of urban blight in the

109. MEYERSON & BANFIELD, POLITICS, PLANNING AND THE PUBLIC INTEREST 29-59 (1955).
110. *Id.* at 253.
111. *Id.* at 121.

heart of Chicago and because of the vast increase in Negro slum areas. The authors note that with the end of the Second World War, "the slums of the northern cities have become increasingly Negro and so public housing necessarily became involved in decisions, the effect of which would be to either extend or curtail segregation."[112] This condition was especially acute in Chicago, the second largest city in the United States, where "segregation was on the increase. In 1950 most Negroes lived in blocks that were predominantly Negro. The proportion segregated was higher than ever before."[113]

In Chicago, as elsewhere, many whites wishing to take advantage of the Housing Act of 1949 were confronted with the issue of site selection as the fundamental question of policy on racial segregation and indeed on the entire subject of public housing. In Chicago a fierce struggle developed over this matter. According to Meyerson and Banfield:

> There was no way of avoiding the problem; the race issue and the housing issue had to be dealt with together. This was a circumstance which some parties to the impending struggle viewed with satisfaction and which others deplored. Some like the Chicago Plan Commission, which in its lengthy report, "Housing Goals for Chicago" never discussed the Negro, might try to ignore the problem or at least to evade responsibility for taking a stand on segregation. But whether one liked it or not and whether one ignored it or not, the housing problem and the race problem were inseparably one.[114]

The authors of this important study sum up the policy considerations that operated in Chicago and have much meaning for other cities.

> If the city declared its purpose to stop the advance of the Negro slums by encouraging the spread of Negroes into white areas, it could implement that purpose by a wise administration of the relocation of the program. If, on the other hand, the city chose sites which would freeze the existing patterns of segregation, private redevelopers could be expected to act similarly. The spread of housing segregation would mean the spread of school segregation. Children who went through school without ever having any contact with children of another race, the Commission pointed out, would not fit in easily in factories, stores, and offices where there was no discrimination. Thus, the long run effect of segregation would, in circular fashion, be even more segregation.[115]

112. *Id.* at 19.
113. *Id.* at 32.
114. *Id.* at 35.
115. *Id.* at 133.

Similar use of site selection to maintain and extend the Negro ghetto was characteristic of many other city housing authorities. In Dearborn, Michigan, Negroes are barred completely and semi-officially although thousands of Negroes work there. The Mayor was quoted in 1956 as saying, "Every time we hear of a Negro moving in we respond quicker than you do to a fire. That's generally known. It's known among our own people and it's known among Negroes here."[116] A Negro who moved into Dearborn in defiance of the exclusion policy "found his gas turned off, his garbage uncollected. Finally he moved out!"[117] Many communities throughout the north effectively use governmental powers to restrict or exclude Negro residents. In his study, Davis McEntire cites several other examples such as St. Louis, Missouri, Glendale, California, and elsewhere.[118]

Chicago public administrators have frequently acquiesced in the rioting of white mobs to prevent housing integration. Their reluctance to use state and local authority to quell the disturbances and promote integrated housing has had the effect of encouraging violence against Negroes who try to leave the ghetto. Significantly, this has occurred in the face of public statements approving open occupancy. On January 11, 1950, the Chicago Housing Authority adopted a non-discriminatory policy, which was intended to guide the selection and admission of families to CHA projects. "Families shall not be segregated," they stated, "or otherwise discriminated against on grounds of race, color, creed, national origin or ancestry."[119] In October of 1952, they pledged to grant applicants first choice for living areas on the vacancy list for projects in which they wanted to live. Again, in 1953, the CHA pledged admittance on a free occupancy basis to projects in the Lathrop, Trumbull Park, Lawndale, and Bridgeport housing projects which had previously been inhabited by whites.[120]

In August of 1953, large-scale rioting took place when whites staged violent demonstrations against the Howard family, the first Negro family to move into the Trumbull Park project.[121] Nevertheless, the CHA passed a new resolution in September directing that Negroes be moved into the other all-white projects. This resolution was passed six weeks after the Howards had moved into Trumbull Park. The CHA

116. U.S. NEWS & WORLD REPORT, May 11, 1936, p. 4.
117. *Site Selection Bumps Up Against Race Segregation*, House & Home (Aug. 1956).
118. MCENTIRE, RESIDENCE AND RACE 289 (1960).
119. HEARINGS, Chicago 906 (No. 50-CHA-17).
120. *Id.* at 906-07.
121. For a fictional treatment of the Trumbull Park disturbances see BROWN, TRUMBULL PARK (1959).

said they would not be pressured by mob violence. On October 14, 1954, Director William Kean issued a statement intended to dispel any doubts. Now Negro applicants would be moved into Trumbull Park. "I am confident," he said, "a way will be found to provide integrated housing."[122]

But integration in public housing did not take place. Because of a passive attitude, the CHA bowed to public pressure and the political power of racist elements. The Lawndale project accepted their first Negro family in 1957, but in 1959 there were still only two Negro residents although the project housed 128 families. The Lathrop unit held 21 Negro families by April of 1959 out of a total of 925 families. Bridgeport had 141 units and no Negro tenants.[123] "The significance of the present situation," the American Friends Service Committee commented, "is that an uneasy truce exists in the Trumbull Park area which apparently rests on the belief of the organized segregationist forces that only token integration will be permitted at the project. In the absence of positive statements of policy by CHA and in the apparent maintenance of the status quo, advocates of violence can believe that their tactic works."[124]

Although the CHA racial policy is apparently unequivocal as expressed in occasional public statements, its proclamations regarding integration are not implemented. In reality, like Chicago's City Council, its Housing Authority actually maintains racially segregated housing. On January 17, 1958, CHA's new director, Alvin E. Rose, bluntly described his agency's policy. "We are not," he put it, "going to use public housing as a wedge to integrate all white neighborhoods. Our role must be one of a friend to the community."[125] On February 3, 1959, members of the American Friends Service Committee met with Rose. Tenant selection, he told them, was based on eligibility, priorities, and preference for particular projects. Eligible families were reluctant to move to Trumbull Park, and there was no occasion to increase the number of Negro occupants. Rose's excuse does not explain how, with a waiting list of 20,000 applicants, 80 to 85 percent Negro, it was likely that no Negro families could be found who desired to enter Trumbull Park. Although eligible Negro families moved in during the height of the riots, supposedly none could be found at a later date from a waiting list of 17,000 Negro families. Moreover, the standards for acceptance of Negro families differed from those applied to

122. HEARINGS, Chicago 907.
123. *Ibid.*
124. *Id.* at 908.
125. *Id.* at 901.

white applicants. Negro families with teenagers were not allowed entrance, and wives had to have husbands employed in the Southeast industrial area in order to apply.[126]

The testimony of Alvin E. Rose before the U.S. Civil Rights Commission Housing Hearing in 1959 delineates the Chicago Housing Authority's discriminatory practices.[127] Rose began his testimony by citing CHA's avowed nondiscriminatory policies. He then presented two reasons why less than 15 percent of the tenants in the 18,458 project apartments built in ghettos were white. In 1953 and 1954, Rose claimed, 21 developments were built in which CHA attempted to find a racial balance. Of the original 150 tenants in the Victor Orlander Homes, Rose noted, 33 percent were white; but now [1959] whites make up only 4 percent of the project's residents.[128] Secondly, Rose cited "the undisputed fact of greater proportionate need for standard housing for the Negroes."[129] The actual need for good housing by Negroes is used as a smokescreen for the failure of CHA to promote both integrated and standard housing. Rose claimed that because priority of urban renewal requires that housing be granted to displaced residents, and because renewal areas were largely in Negro slums, and that "[s]ince the law demands that displaced families be given priorities for public housing the result has been that a high percentage of families holding such priorities were Negroes."[130]

Rose was asked why public housing was not erected in white areas. He acknowledged that site selection was the direct result of choices made by the CHA. "So don't blame anybody but me if you don't agree with where we have placed them,"[131] Rose commented. Projects are built where they are needed, and on sites where cost limitation can be considered. The city checks to see that plans of private developers are not being interfered with.[132] When asked why most projects tend to become all Negro, Rose answered: "That has been our experience, and that is all I can say."[133] Rose asked forgiveness "for talking like a landlord for a minute but not only do we have to build these buildings, but we have to rent them, and then we have to collect the rent."[134] The truth as far as Trumbull Park went, is that "we have very, very few

126. *Id.* at 908-09.
127. HEARINGS, Chicago 719-27.
128. *Id.* at 720-21.
129. *Id.* at 720.
130. *Id.* at 721.
131. *Id.* at 723.
132. *Ibid.*
133. *Id.* at 724.
134. *Ibid.*

requests on the part of non-white people to move into Trumbull."[135] Rose stated his belief that well-adjusted and stable Negro families with youngsters would not want their children to go into a situation where the community is hostile. In this manner, the reason for the existence of segregated housing is attributed to Negro families. By this reasoning the victim is made to be responsible for his condition.[136]

The sharpest challenge to Rose's position came when he was asked whether, because of the present location of the existing sites, the city of Chicago is guilty of promoting segregated housing. The Reverend A. Lincoln James asked: "What I am trying to get at is this. Is it a policy to place Negroes in areas that are predominantly white or only place Negroes in areas that are predominantly colored?"[137]

Rose's answer is a masterpiece of evasion, or more accurately, a polite way of saying that the projects would be erected in all Negro areas only. As he stated:

> . . . The policy is to place the public housing project where we believe it is most needed and to do a dual job of getting rid of these slums.[138]

When asked if he felt it would aid the cause of integration if a federal law was passed prohibiting the use of federal money for segregated housing, Rose answered, "I don't think so because I wouldn't do it any differently than we have been doing it."[139] Rose believed he had grown close to the "need of poor people" as a former welfare commissioner, and he was sufficiently familiar with improvements needed and therefore did not wish to "get into any long drawn out controversey about where sites shall be or shall not be."[140] Rose, therefore, avoided facing the issue of site selection and used the excuse of the need to erect decent housing as the means to prevent integration.

The conflicting attitudes of the Negro protest movement and the CHA were stated in one final exchange before the Commission. The issue was posed as follows:

> A problem here is which is the lesser of two evils; to put a child in a community where he is definitely segregated, or give him a place in a community where he is not segregated and able to live as an American citizen free from the shackles of segregation. . . . Evidently it is the thinking of the authority that

135. *Ibid.*
136. *Id.* at 724-25.
137. *Id.* at 725.
138. *Id.* at 726.
139. *Ibid.*
140. *Ibid.*

> it is better to place them in a better home under segregated conditions and not try to make any effort to eradicate them.[141]

Rose interrupted the accusation from Reverend A. Lincoln James that CHA espoused a policy of "separate but equal" housing saying: "Not better, but it is expeditious right now to get the thing done."[142]

For Rose, it was expeditious to maintain segregation in public housing, and he saw no reason why the Negro would object to such a pattern.

The assertion of the CHA that better housing is being built is also misleading. The projects of CHA, as are all northern low-income projects, are new breeders of slum living. Wolf Von Eckardt, recently visited the CHA projects. "With shocking consistency," he wrote, "these projects have been placed in the all-Negro districts in our cities where they remain entirely segregated, even in communities where the theory is that they be accessible to all."[143] In Chicago, where 280,000 new suburban homes were built between 1950 and 1960, only one-half of one percent were occupied by Negroes. At the same time 31,000 new CHA units were built in all-Negro wards. Extending in one solid row, three and one half miles long, these "monuments to segregation" between 22nd and 55th Streets were built "along the expressway, a favorite site for public housing in our cities."

At the Robert Taylor Homes, Von Eckardt saw the largest public housing development in the United States. Describing it as "a grim institution rising on an expanse of very reluctantly growing grass," which like its children was "fenced in for safety," Von Eckardt offered the project as testimony that after a quarter of a century since public housing became a national program, "the nation still had not learned from its earliest, disastrous follies." The buildings were "not built with pride but with distrust, which is all the building reaps from its tenants. There is nothing left for anyone's spirit." Von Eckardt described the rape of the young and molestation of the old which took place in the staircases and elevators. Stolen bulbs from hallways had to be replaced three times per week. Although parents patrol the grounds and voluntarily guard the buildings, their efforts do not improve the "Prison-like architectural environment." Mayor Richard Daley perhaps believes in civil rights, Von Eckardt commented, but "he also represents a society which since Jefferson's time has held only disdain for the city and its teeming proletariat."[144]

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141. *Id.* at 727.
142. *Ibid.*
143. Von Eckardt, *Black Neck in the White Noose*, 49 NEW REPUBLIC 14, 17 (Oct. 19, 1963).
144. *Id.* at 14-17.

The Robert Taylor Project consists of 28 huge ugly high-rise buildings in which 28,000 Negroes live, 20,000 of them children, in a segregated enclave. Those who live in this project are poor, their children attend inferior segregated schools, many are on welfare, and the rate of school dropouts and delinquency is high. The adults live in a world of resentment and anger against the official regimentation and segregation of the housing project and the Chicago Housing Authority.

The young people express their rage against the hopelessness of their lives through aimless acts of violence and vandalism and some of them refer to this seventy-million-dollar ghetto as "the Congo Hilton." While the Robert Taylor Project is all-Negro, there is an all-white housing project located in the ward where Mayor Richard Daley lives. This is the pattern throughout Chicago, and the result of the deliberate use of site selection to maintain and expand the pattern of racial segregation by the Chicago Housing Authority and the Chicago City Council.[145]

The plans of the Chicago Housing Authority for the future clearly indicate that this pattern will continue. Over the protests of civil rights organizations, but with the consent of the Federal Housing Administration, the CHA is constructing four new high-rise public housing buildings directly adjacent to the Robert Taylor Homes. The new buildings will be placed within a ten-square mile area that currently houses 48 percent of all the people living in public housing projects in Chicago. Negroes comprise at least 99 percent of those in public housing in this area. The new buildings will overlook railroad tracks, junkyards, and the Chicago Transit Authority's elevated trains and will be an extension of what is already the world's largest concentration of public housing structures.

A word must be said here about the design and construction of public housing projects throughout the United States. As a rule the projects are unhealthy, unattractive, and built to meet only the most

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145. During August, 1966, the American Civil Liberties Union, Illinois Division, filed complaints asking the federal district court to enjoin the construction of 17 housing projects in Chicago's all-Negro ghetto areas.

The A.C.L.U. filed one complaint against C.H.A. contending, "the authority has deliberately chosen sites for such projects which would avoid placement of Negro families in white neighborhoods for 15 years." The A.C.L.U. asked the court to prohibit construction, "on any sites which have been selected in a racially discriminatory manner, or which will have the effect of continuing and strengthening existing patterns of Negro residential and school segregation in the City of Chicago."

The A.C.L.U. also filed a complaint against the Federal Housing Administration charging violation of the Civil Rights Act of 1964 as well as the fifth amendment due process clause and the fourteenth amendment equal protection clause. Civil Liberties, Sept., 1966, p. 6, col. 2.

minimum standards; this is especially true in the segregated all-Negro public housing projects.

Sociologist Lee Rainwater has written that "The house acquires a sacred character from its complex intertwining with the self and from the symbolic character it has as a representation of the family."[146] It is evident that housing is more than merely shelter. The quantity and quality of family housing is significantly related to one's relationship to the community and is an important factor in the personality development of children. Indeed, the location, organization, and quality of their housing is a major element in determining the relationship of the urban poor to the whole society. The vast size, the uniform and esthetically dull quality of the buildings, and the institutional atmosphere of the projects, have a deadening effect upon residents that increases their sense of alienation from society. These public housing projects now serve as enclosures to pen in thousands of people whose personal identity is submerged in an anti-social architecture.

Public Housing as presently constructed is not designed in terms of a humane architecture that encourages dignity and self esteem among the residents. It simply serves to keep the Negro poor "in their place," and stimulates anti-social attitudes and behavior.

There is a significant disassociation between design and social function that characterizes most public housing projects. In addition, the structures are frequently very badly built. An illustration of this is reported in the St. Louis Post Dispatch of October 3, 1965, which carried a news report of the unprecedented seven-million-dollar effort to correct deficiencies in the huge all Negro Pruitt-Igoe housing project that were built-in, when originally constructed ten years ago.

Although the solution to these important issues will probably be found in the economics of income distribution and in political struggles for equality, we must insist upon a more humane architecture, a more socially oriented way of eliminating urban blight, and the creation of public housing that is concerned with the human landscape—urban renewal that also renews the human spirit.

Private Home Ownership and the Law

The right of Negroes to freely purchase private homes is of great importance. Although the number of Negro families financially able to purchase privately owned dwellings is limited, their right to do so must be guaranteed as a matter of justice and public policy.

In Detroit, for example, "lily-white" suburbs developed as a result

146. Rainwater, *Fear and the House-as-Haven in the Lower Class*, 32 J. AM. INST. PLANNERS 24, — (1966).

of Federal Housing Authority programs when the FHA refused to finance homes for Negroes in exclusively white areas. After federal policy was changed, real estate brokers continued to refuse rental or sale to Negroes. Negro home ownership in Detroit did increase by 300 percent between 1940 and 1950—from 5,000 Negro owner units to a total of 21,000 units. But out of 87,000 new private housing units built between 1940 and 1952, only 1,885, or two percent, were built for Negro occupancy. A disproportionate number of Negro families with high incomes were still renters.[147]

Only a small segment of the Negro middle-class population has benefited from the creation of new housing units in integrated neighborhoods. The decisions in *Shelley v. Kramer*[148] and *Hurd v. Hodge*[149] preventing enforcement in the courts of restrictive convenants based on race or color made possible the movement of a very small number of middle class Negroes into all-white middle class suburban areas. But as we have seen, segregation increased for the majority of low-income Negroes throughout the nation's cities. The overwhelming majority of working-class and poor Negroes are not affected by the decisions.

For integration to be acceptable, the incidence of Negro ownership must remain so low in most middle-class areas that it does not precipitate the flight of white persons. Hence middle-income Negroes in Lakeview and Long Island, New York discouraged other Negroes from buying homes in their racially mixed community by displaying signs proclaiming: "Negroes: Your purchase of a home in this neighborhood is your contribution to segregation."[150] While the number of Negroes in a community is small, the situation may remain stable. But when more Negroes move in, "the critical point" is approached and the white population flees.

Even the Negro middle class, however, has not been able to buy its housing as an open commodity on the free market. Comparisons have been made in 17 cities of the value of white and Negro homes for families with incomes between 7,000 dollars and 10,000 dollars. If Negroes had owned homes in the same proportion as whites at the same income level, they would have owned 70,000 homes in these 17 cities instead of 25,000.[151] (A very high percentage of these Negro families had two or more wage-earners.)

147. Ramos, *Racial Anatomy of a City*, 3 NEW U. THOUGHT 24 (19—).
148. 334 U.S. 1 (1948).
149. 334 U.S. 24 (1948).
150. Gregon, 27 SCIENCE & SOC'Y 420 (1963).
151. Yankauer & Sunderhauf, *Housing: Equal Opportunity to Choose Where One Shall Live*, 32 J. NEGRO ED. 402, 407 (1963).

Housing discrimination in the private market occurs for two major reasons. First, the financial community upon which mortgage financing depends, and hence home purchasing and building, believes that only all-white neighborhoods are sound investments. Therefore, they do not provide home financing for houses in mixed areas. Real estate agencies, brokers, builders, and mortgage financing institutions translate prejudice into action.[152] Secondly, and most important, is the complicity of the federal government in aiding segregated housing. The government permits the issuance of credit and loans to builders who segregate. It gives insurance and guarantees on mortgages, and stimulates the supply of funds to finance new housing. Long-term, low-interest, government-insured mortgage loans that require small down payments have enlarged and sustained the market for new housing. Federal policy provides for loans for mortgage insurance in advance of construction enabling developers to borrow money for the building of new homes. But the decision of whether new developments are to be segregated is left to private builders. Originally the federal government advocated segregated housing and subscribed to the theory that Negro residents in white areas meant poor investments. But through the years their policy changed to neutrality, and eventually to the endorsement of equal opportunity in principle. But the government stops short of requiring equal access as a prerequisite to enjoying federal housing benefits. The decision as to whether homes are to be segregated or not is still left to local businessmen.

A famous case of a housing development which depended on government aid, but whose developer prohibited Negroes from renting homes, was Levittown, Pennsylvania. Testifying before a Congressional Committee, William B. Levitt admitted that private industry was not furnishing housing for Negroes. When asked whether his homes were "entirely for the white people," Levitt answered: "Yes, and I repeat, I hope someday that will not be so."[153]

When the Federal Housing Authority (FHA) was first established, it required the imposition of a restrictive racial covenant as a condition for receiving a federal loan. FHA would not insure loans for purchase of homes by Negroes in white communities, or vice versa. After regulations were changed, FHA professed to insure loans for all without reference to color. That profession, attorney Loren Miller stated, "falls short of the reality because FHA stands by while brokers and subdividers and builders in the peripheral areas refuse to sell to non-whites.

152. HOUSING, 3.

153. *Investigation of Housing Before House Subcommittee of the Committee on Banking and Currency*, 84 CONG., 1st SESS. 415 (1955).

The result is that what was begun by way of concentration of non-Caucasians through enforcement of racial restrictive covenants continues to the present time."[154] Residential segregation in California was attributed by Miller directly to government sanction and support of racial covenants, and to the FHA's policy of permitting builders to refuse to sell or rent units to non-whites. The federal government "has not only shouldered segregation," Miller explained, "but has offered leadership, has entertained ideas of the validity of residential segregation."[155] Public acceptance of the idea of residential segregation is therefore kept at a maximum due to awareness that the government takes no action against discriminatory builders.

A white person desiring to sell his home on an unrestricted basis in California would not dare to do so unless the local realty board agreed. Miller asked that the government be required to make it clear that they would not insure or guarantee loans if discrimination in violation of California law took place. He urged that the Government not wait for proof of violation, but require affirmative non-restrictive covenants from every builder.[156]

The facts bear out the charges made by Mr. Miller. Between 1950 and 1958, in California, 325,000 new homes were built in the nine Bay Area counties. Sixty percent of these, or 200,000, were financed with FHA and Veterans Administration (VA) aid. Less than 3,000—under 1.5 percent—were sold to the ten percent of the population which was non-white.[157] Developers and promoters have been given the right to receive insured and guaranteed government mortgages, and have the right to say that Negroes cannot have a house at the same time. Yet, the Negro as a taxpayer makes government housing aid possible. This is truly a case of taxation without representation.

As Dr. Algernon Black put it, "the Federal Government, in the administration of its tremendous housing program, has been both the architect and enforcer of segregated communities." Regardless of law, constitutional provisions, and pronouncements of the executive and administrative officials, "it is an inescapable fact that the Federal Government is today supporting and reinforcing the spread of residential segregation." "Less than 2 percent of the total number of new homes insured by FHA since 1964 have been available to minorities," Black pointed out, and "the official attitude is that government is powerless to

154. HEARINGS, Los Angeles 250.
155. *Id.* at 251.
156. *Id.* at 253. But *cf.* Miller, *The Law and Discrimination in Housing*, 20 LAW GUILD REV. 123 (1960).
157. HEARINGS, Los Angeles 550.

control the racial policies of builders and developers who avail themselves of government mortgage insurance."[158]

The final report of the United States Commission on Civil Rights bore out the charges made by witnesses before its hearings. "Federal policy in the housing field," the Commission noted, "reflected and even magnified the attitudes of private industry." All the resources of the Federal Government—its credit, sponsorship and name—are involved in the granting of mortgage credit.[159]

In two court cases involving discrimination in FHA insured and VA guaranteed housing, Negro plaintiffs sought relief in the courts.

The Federal District Court in *Johnson v. Levitt & Sons*[160] held that the Federal Housing Authority and the Veterans Administration "probably" had the power to prevent racial discrimination but that they were not compelled to do so. Also, in *Ming v. Horgan*[161] it was held that the Negro plaintiff had a constitutional right not to be discriminated against in view of the degree of governmental involvement. However, these decisions have not eliminated discriminatory practices of lending institutions receiving FHA and VA guarantees.

Where states have anti-discrimination laws, FHA hypothetically refuses to insure loans for discriminatory builders and developers. Estimates show, however, despite FHA's new "open occupancy" policy, the gains accruing to Negroes are miniscule. In 1959, less than two percent of new homes insured by FHA since 1946 had been made available to Negroes. In Baltimore, out of 68,000 units insured by FHA, only 1,800 or 2.5 percent were built for non-white occupancy. Most of these consisted of low-cost war-time housing.[162]

Although FHA announced that it would no longer insure homes on which racial covenants are filed in violation of law,[163] this policy has not secured equal-housing opportunity. The FHA supposedly refuses to insure loans for discriminatory builders and developers, but it does not do so on its own initiative. Only after the state law enforcement body finds that discrimination has occurred will FHA intervene. At that long-delayed point a hearing is finally held. The procedure is repeated and only after the FHA has determined that a builder is in fact discriminating can they suspend use of FHA benefits. However, by the time the state agency adjudicates a case, it is likely that the builder

158. HEARINGS, New York 355-56.
159. HOUSING, 16.
160. 131 F. Supp. 114 (E. D. Pa. 1955).
161. Civil No. 97130, Cal. Super. Ct., Sacramento Cty., June 23, 1958. See 3 RACE REL. L. REV. 693 (1958).
162. HOUSING, 63.
163. *Ibid.*

has completed and sold most of his homes on a discriminatory basis. This cumbersome and very slow procedure brings little benefit to Negroes who are discriminated against.

FHA has not suspended any builder or developer because it has found no case where it was satisfied that the agent has overtly discriminated. Yet, in the *Levittown* case, William Levitt planned a development of 16,000 homes to be built over a period of six or seven years. In 1958, Levitt announced that only whites could buy homes in the development and that long-term FHA mortgages were available. While Negro plaintiffs challenged Levitt, FHA services continued to be offered and loans were insured on Levittown property. More than 2,400 homes had been sold until the builder was ordered to comply with non-discriminatory policies in 1960. In June of that year the case was closed by local courts. More than 2,700 homes had been sold without suspension of benefits or investigation by FHA, and mortgage guarantees had been issued as usual.[164]

The private housing and home financing industries rely heavily on financial contributions and other vital assistance from the federal government. But from the builder, lender, and broker, to the local, state, and federal governments these resources and powers are used to deny equality of housing to Negroes. That federal and other public powers are used to accomplish such denial is "the central finding of the Commission's present study."[165] The result according to the Commission is the "deliberate exclusion of many minority group members from a large part of the housing market and to a large extent confinement in deteriorating ghettos."[166] Robert C. Weaver's statement in 1948 that public housing programs are, "an instrument for the spread of segregation" remains valid almost two decades later.[167]

PART IV

GOVERNMENTAL POWER AND HOUSING SEGREGATION IN THE 1960s

During the present decade, racial segregation in housing has been increasing throughout the urban North. Professors Thomas Ford Hoult and Albert J. Mayer of Wayne State University, in a detailed study of residential patterns published in 1963, confirmed that the major northern cities are more racially segregated today than they were thirty years ago and that this pattern is expanding.[168]

164. Levitt & Sons, Inc. v. Division Against Discrimination, 158 A.2d 177 (N.J. Sup. Ct. 1960), *cert. denied*, 363 U.S. 418 (1960).
165. HOUSING, 140.
166. *Ibid.*
167. WEAVER, THE NEGRO GHETTO 164 (1948).
168. HOULT & MAYER, POPULATION REVOLUTION IN DETROIT (1963).

In Detroit, the focus of this study, the investigators found that 51 percent of all Negro residents lived in predominantly white areas in 1930. In 1960, only 15 percent of Detroit's Negro population lived in white areas. In 1930, 15.8 percent of Negroes lived in all Negro ghettos. By 1960, these ghetto areas housed 23 percent of the Detroit Negro population. "The result has been the creation of two cities bearing a single name," concluded the authors. "One Negro, located in the central city and occupying housing built before 1930; the other, white, now located in the suburbs and on the fringes of the central city in housing built after 1930."[169] This same polarization had taken place in every major northern industrial city with variation for size and in the tempo of increasing segregation.

Because a serious housing crisis exists in many northern cities, together with the emergence of militant Negro protest movements, several programs have been advanced to cope with this urgent problem. Examination of these programs reveals that at best only a series of ineffectual limited reforms have been proposed. These measures may create the illusion of governmental action, but most frequently the so-called "new programs" are meant to placate Negro discontent and protect, not to eliminate, the pattern of substandard and segregated Negro housing.

The 1961 report of the U.S. Commission on Civil Rights states that "there has been little effort on the part of the Federal Government to insure equal housing opportunities."[170] The Commission pointed out that not one federal agency concerned with housing and home mortgage credits had attempted to exert authority to secure equal access nor insure equal treatment from the mortgage lenders it supports and supervises. "For full effectiveness," the Commission advised, "an Executive Order should extend to all Federal agencies concerned with housing and home mortgages credit, including those agencies which supervise the mortgage lending community."[171]

The Commission concluded by recommending the issuance of an Executive Order which would state the Governmental objective of equal opportunity in housing. The Order would provide Presidential command that FHA and VA cease supporting builders and developers who discriminate because of race, or who sell homes or rent apartments built with FHA mortgage insurance or VA loan guarantees. The order would require all financial institutions engaged in the mortgage loan

169. *Ibid.*
170. HEARINGS, 145.
171. *Id.* at 146.

business supervised by a federal agency to conduct their business on a non-discriminatory basis.[172]

The Commission emphasized that four supervisory agencies, the Federal Home Loan Bank Board, the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, and the Federal Deposit Insurance Corporation, all represent Federal authority over the community of mortgage lending institutions. The Commission found that the "financial community in which these agencies play so large and vital a role is a major factor in the denial of equal housing opportunities to minority groups." The builder, banker and real estate agent combine to prevent the creation of an open housing market. As one witness put it: "in the final analysis it goes to the bank."[173]

The Leadership Conference on Civil Rights, a coordinating council of civil rights organizations presented a similar analysis, and pointed to the failure of the Federal Government to enforce a non-discriminatory policy in public housing as evidence of their "tacit approval for racial segregation." By guaranteeing the payment of mortgage loans made by banks and lending institutions, the FHA program facilitated and encouraged the flow of investment into residential construction. "FHA continues to insure loans for home construction even when advised by builders and developers" that Negroes will not be allowed to purchase or rent housing units. The Leadership Conference therefore demanded "executive action in the area of housing that would cover "all housing currently enjoying the benefits of federal assistance, as well as any future programs undertaken or maintained with federal funds." "Any less inclusive action," they commented, "will fall short of realizing the national goal of equal opportunity in housing."[174]

Similarly, the Potomac Institute pointed to housing as "the field where new approaches are needed most." Although discrimination is prohibited in many states in private as well as publicly-assisted housing, the purchaser of a home must still obtain approval of the seller and the assistance of a realtor and lender—most of whom engage in discriminatory practices. Most realtors do not show Negroes housing which is available in all-white areas. The Negro purchaser is often denied housing or financing by a lending institution. Owners may refuse to sell or set an exorbitant rate in order to avoid sale or to capitalize on the fact that the Negro housing market is restricted. Because patterns of discrimination in housing are difficult to eliminate on the basis of

172. *Id.* at 150-51.

173. *Id.* at 51.

174. Leadership Conf. on Civil Rights, *Federally Supported Discrimination, A Survey of Its Extent, A Program of Executive Action to Eliminate It* (Aug. 29, 1961). The report was submitted to the White House by Roy Wilkins and Arnold Aronson.

individual complaints, the Institute called for "affirmatve governmental programs of regulation of the housing and home finance process."[175]

We have already established that the pattern of housing segregation is due in no small part to the policies of the federal government. From 1935 on, when the government first began to insure mortgages, finance savings and loan associations, and to provide federal credit to builders, they insisted upon discriminatory practices as a condition of government aid. This continued for a period of 15 years, during which time over 15,000,000 homes were built. The elimination of the racial covenant from FHA manuals in 1950 did not mean that housing discrimination had ended. The federal agencies did not ban discrimination and make its absence a condition of federal aid. On the contrary, they declared that when state law did not forbid discrimination, a builder was free to discriminate if he chose to do so.

During his campaign for the Presidency, John F. Kennedy often chastised President Dwight D. Eisenhower for his reluctance to end housing discrimination "with the stroke of a pen." President Eisenhower did not respond to the recommendations of the Commission on Civil Rights, and therefore John F. Kennedy offered the campaign promise that, if elected, he would enact an executive order on housing which would be based upon the Commission's suggestions.

After much delay, on November 20, 1962, the late President finally issued Executive Order No. 11053,[176] banning discrimination in federally approved housing. It was hoped that the Administration had become aware of the federal government's segregationist policies, and had finally agreed to eradicate them for all time. Recognition was provided by the government that the serious housing crisis demanded the attention and action of the federal government. In reality, however, the Executive Order issued was framed to avoid precisely those areas deemed to be of fundamental importance by the U.S. Commission on Civil Rights and the major civil rights organizations.

Although President Kennedy had considered the order to be "sound, public constitutional policy" from the beginning of his administration, he waited until November of 1962 to issue the housing order. He evidently believed that it was necessary to secure enactment of the housing bill in Congress, and that Southerners might balk in retaliation for the issuance of the order. The President also delayed the signing for fear that the election of friendly Southern Senators might be jeopardized, but unfortunately his delay strength-

175. THE POTOMAC INSTITUTE, STATE EXECUTIVE AUTHORITY TO PROMOTE CIVIL RIGHTS (Jan. 1963).

176. 27 Fed. Reg. 9693.

ened the organized opposition of realty and banking interests, and strong opposition also developed in segregated white Northern communities built with federal aid.

"The Order which Mr. Kennedy finally signed," wrote Charles Abrams, "was a compromise which sought to satisfy liberal sentiment on the one hand, and the South on the other." It followed the narrow recommendations of Southern members of the Commission on Civil Rights, rather than the suggestions of the majority. The compromise Order "embraces only mortgages hereafter insured by the Federal Housing Administration or the Veterans Administration, properties owned by the government or receiving direct government loans, future federally subsidized urban renewal projects, and future public housing. It has no application to mortgages still outstanding. Nor will it have any impact on public housing, which is predominantly inhabited by Negroes anyway."[177]

Racial discrimination had been previously banned on property owned by the government by several court decisions, and a California court had already held discrimination illegal on FHA insured loans.[178] As for urban renewal projects, little was done to aid dispossessed Negroes of the large cities. Discrimination takes place during the eviction period, not during the rehousing. And the Order does not bar discrimination in the private housing market into which most displaced families are forced to move to after relocation.

"In consequence of all this," Abrams notes, "less than 25 percent of all new housing construction will be embraced by the Order. Since about half of these were already covered by more stringent state and local laws . . . the Order will at best affect only 13 percent of new housing undertakings."[179] Most serious, however, is the fact that the Executive Order did not provide for Government power to enforce a non-discriminatory policy on banks and lending institutions. Savings and Loan Associations were excluded from the Order's provisions.

These associations are members of the Home Loan Bank System, composed of regional Federal Home Loan Banks which make available to member savings and loan associations a reservoir of credit at low interest rates. The Home Loan Bank is empowered to bar membership to associations whose policies are inconsistent with the law or their own regulations. It has the power to establish other requirements which it deems necessary or desirable. Similarly, the Federal Savings and Loan

177. Abrams, *The Housing Order and Its Limits*, 35 COMMENTARY 10, 12-13 (Jan. 1963).

178. Shelley v. Kramer, *supra* note 148; Hurd v. Hodge, *supra* note 149; Ming v. Horgan, *supra* note 161.

179. Abrams, *supra* note 177, at 13.

Insurance Corporation places federal guarantees behind savings accounts up to 15,000 dollars. They are the most important mortgage lenders on homes. While privately operated, they owe their existence and success to the Federal Government.

Chairman Joseph McMurray of the Home Loan Bank Board said the agency has a non-discriminatory policy, but that savings and loan associations must consider only economic factors in making loans and there was doubt in his mind as to whether race was an economic factor. Their staff doubted that the Board held legal authority to bar discrimination by its associations.

"Had the President's Order embraced these savings and loan associations," Abrams commented, "the doubt would have been dispelled. As it now stands . . . by being excluded from the Order, the principal mortgage lenders in the country feel themselves free to discriminate. In fact, some home builders who had been using FHA loans are already switching their mortgage applications from FHA to those associations so as to avoid the Order's prohibitions." Thus the Executive Order touches "only a small fraction of the housing market." It is no more than a "small first federal step toward breaking the bottleneck in housing discrimination."[180]

The order has changed the principle of governmental policy. The order establishes that government may not practice discrimination. But the decisive power to continue the pattern of segregated housing lies with the financial community. It is this very power, however, that the government has refused to challenge. Thereby, the power and authority of the federal government continues to be given to private forces that perpetuate segregated housing. Realtors and brokers continue to receive the vital support of Government programs; yet they prohibit the rental or ownership by Negroes of units they erect. The Negro citizen continues to pay federal income tax and thereby helps provide funds which create governmental housing assistance programs whose benefits go only to whites. Jack E. Wood, formerly Special Housing Assistant to the NAACP, and now Assistant Director of the National Committee Against Discrimination in Housing, summed up the executive order's effect in the following manner: "This Order is extremely limited and mainly of symbolic value. The fact that it does not establish federal authority in relation to banks and other lending institutions means that it will have very little real value to the Negro."[181]

In addition, even if a completely satisfactory order had been

180. *Ibid.*

181. Wood, Memorandum to NAACP Branches (Dec. 4, 1962).

issued, the ability of the large masses of city Negroes to better their condition would still be largely hypothetical. For Negro residents of the major cities, the ability to purchase expensive apartments or suburban homes is entirely out of the question. As Charles Abrams has asserted, the state anti-discrimination laws have not brought any mass influx of Negroes into previously restricted areas, but have only assured "protection to those Negroes who wish to move and can afford to do so."[182] The point is that most Negroes cannot afford such a move, although many may desire to leave the ghetto. In New York's Westchester County, one of the highest income areas in the nation, the County Council of Social Agencies reported that: "There are almost four times as many non-white families as white families in abject poverty," and half the Negro families, "as contrasted with one-fifth of the white families, have incomes under $5,000."[183]

Such statistics reveal that for most Negroes the ability to move to the suburbs or purchase homes on the free market is out of the question. Only a very small number of middle-income Negroes can actually benefit from rental on the free market. The order, which does not require desegregation of public housing, omits grappling with the question of how to handle the crisis which faces the millions of Negro-working-class residents. Public-housing programs throughout the country have perpetuated segregation, since most projects are deliberately constructed in the depths of all-Negro ghettos. No federal program to provide funds for the building of low-income housing in the non-slum non-segregated areas of the large cities has been instituted; nor have programs been established to provide for the integration of lower- and middle-income families in new units. Until such proposals are acted upon and institutionalized with federal support, any executive order limited to establishing free access to the housing market will remain only a symbolic gesture for the urban Negro. Integrated housing can become a reality only when the vast ghettos are destroyed and when broad programs are developed to eliminate the overcrowded and substandard units which compose the bulk of city housing for America's Negro population.

PART V

CONCLUSION AND PROPOSALS[184]

The replacement of dilapidated homes with modern first-rate housing is an integral part of any program for bringing an end to the

182. Abrams, *supra* note 177, at 12.

183. N.Y. Times, March 5, 1964, p. 35.

184. This concluding section is adapted from a paper prepared by Herbert Hill for the White House Conference "To Fulfill These Rights," June 2-3, 1966, Wash., D.C. The

ghetto. An informed estimate by federal housing experts reported 9,255,000 substandard housing units in the United States as of 1963-64. It was anticipated that the private sector would renew or replace 2,225,000 of those units within the next five years, leaving 7,000,000 housing units to be replaced by the community.[185]

Of the 7,000,000 units needing replacement by governmental action, 4,000,000 could be improved at an average cost of $5000. per unit. The $20 billion required for this purpose, if spent over a five-year period, would involve an annual capital outlay of $4 billion per year. The other 3,000,000 units, too severely deteriorated to be renovated, could be replaced at a cost of about $19,000. per unit. This would involve a capital expenditure of $57 billion dollars. The total cost, for improvements and for building new housing, would be about $77 billion.

A program investing funds in housing on this scale would significantly reduce the ghettos of the nation's large cities. For the first time the slum dweller would have a choice of accommodations and the new housing and community facilities would be desirable enough to attract families living in other neighborhoods. Properly planned schedules could eliminate the vexing and irrational relocation practices that now embitter entire communities during building programs.

Comprehensive planning, adequate investment, and inauguration of community services programs, organized at the local level, can spell the end of the ghetto. The sickness of the cities has its roots there, and the people in them are rapidly despairing of further promises. Their alienation from society is profound. Their needs are urgent, and they will brook no further delay.

An abundance of evidence—social, economic, political, and moral —now suggests that the time has come to give first priority to the racial problems of our great cities. But the problems of our large urban areas are inextricably intertwined with the problems of the racial ghetto. Therefore the solution of one set of problems is, in effect, the solution of the other.

Giving first priority to ending the ghetto, and thereby solving the problems of our great cities, means that a minimum of $50 billion per annum is required for this purpose. However, if these funds are to be used under the jurisdiction of the communities then it is both reasonable and desirable that this tax revenue as well as its disbursement

document is entitled "Planning the End of the American Ghetto—A Program of Economic Development for Equal Rights"—NAACP, 1966, New York.

185. The Housing Inventory of New York City and the Cost of New and Rehabilitated Dwellings, A 10-year Plan (Prepared for the Comm'n on Housing of the New York Pre-White House Conference, May 10-12, 1966).

should occur at the community level. The logic indicated here suggests that tax revenue now secured by the federal government in the order of magnitude of $50 billion per year must be returned as taxing power to our communities. This will enable our great cities to go forth with the task of civic and human betterment. The necessary safeguards to guarantee that the newly available funds will be used for the indicated purposes can be developed through community action programs based upon local citizen participation.

I am fully aware of the implications of this proposition to reduce the federal tax revenue by $50 billion. But if we are to place first things first then that revision will be faced with all the ingenuity that we can muster. The end of the slum ghetto, the reconstruction of our cities, and the civic betterment of all the people is surely the first requirement of a viable America among a community of nations.

The great cities of our nation can flourish only if they solve a series of closely related and complex problems. These include economic development, unemployment, equality of opportunity, housing, education, and health care. These are problems both of economics and of race and they are now inseparable in our cities. It is not possible to confront these urgent issues without establishing new basic social priorities in cities, states, and in the nation as a whole. This means a concerted effort through broad social planning to cope with the grave racial problems centered in the cities of the United States.

Our country's proper concern with security abroad has led to a distorted national preoccupation. The future of this nation will be decided by the way the society responds to the racial problems of our cities, regardless of what happens abroad.

The business of politics is priorities. Once we have decided what is most important we can then adjust other policies to be consistent with the main objective. When we speak of the problems of our cities we should recall that more than two-thirds of our people live in cities. To speak of the priorities of our cities is to speak of the fundamental priorities of our country.

Rich and powerful as is the United States, its resources are not without limit. What is spent by the federal government cannot be spent by the municipalities of New York, Chicago, Los Angeles, Atlanta, St. Louis, or any other city of this country. The whole of the huge 1966-67 New York City budget, for instance, could be spent on the single task of rebuilding Harlem, Bedford-Stuyvesant and the other New York slum ghettos. The same situation prevails in other municipalities with large ghetto areas.

New significant revisions in the national tax base must be made in

the interests of solving the whole complex of urgent urban requirements. It is no longer possible for this nation to progress unless the cities are given broad new taxing powers. De-centralization of taxing and spending power is the evident and necessary path. The cooperation of Washington is desired but the initiative for social planning and social progress in our urban centers must reside within these areas.

At present, cities do not possess the financial resources to accomplish what must be accomplished. This condition is true of every major municipality in the United States. The crisis of our cities exists not only as a consequence of social irresponsibility at city and state levels but most significantly in the taxation relationship between municipalities and the federal power.

The disbursing power of the federal government should be reduced by not less than $50 billion, in stages over a five-year period. This is to be done in workable increments of annual amounts of $5, $7.5, $10, $12.5 and $15 billions per year. This sum, I suggest, should be returned to the people in the form of enlarged taxing power at the local community level. These sums of money, newly available to the cities, must then be used for the elimination of the racial ghettos that are blighting the cities of America. With these resources we can improve the life of every city dweller. The greatest gain will be scored by those who need it most, but all will gain, none will lose.

We can transform the lives of our disadvantaged citizens from a condition of permanent poverty to earning power and independence. New spending for the elimination of slum living, a large-scale improvement in education, recreation, and health care, are mutually supporting activities, each contributing to the development of skills and the productiveness of our citizens. This is the real meaning of equality and opportunity.

The violent outbursts in the ghettoes of Harlem, Chicago, Philadelphia, Cleveland, Rochester, Jersey City, Watts, and elsewhere must be understood as the revolt of the powerless against the hopelessness and despair of their lives. The same destructive social forces that exist in Watts exist in every Negro ghetto throughout the United States. As long as these conditions are permitted to continue, as long as the ghettoes are permitted to exist, there will be the increasing danger of widespread disorders and of the potential disruption of the entire society. Eliminating the ghetto from American society must become the first priority for all the basic institutions of our society. At stake is not only the future of our most important cities or the welfare of the Negro population, at the very heart of this matter is the future of the nation.

URBAN AMERICA: GOALS AND PROBLEMS

TUESDAY, OCTOBER 3, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON URBAN AFFAIRS
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met at 10:07 a.m., pursuant to recess, in room S–407, the Capitol, Hon. William Proxmire (member of the subcommittee) presiding in the absence of Chairman Bolling.

Present: Senators Proxmire and Percy.

Also present: John R. Stark, executive director; James W. Knowles, director of research; Richard P. Kaufman, economist; and Donald A. Webster, minority economist.

Senator PROXMIRE (presiding). This morning our hearings on urban American goals and problems will draw upon four contributors to part III of our compendium concerned with the rules of the game in the public sector.

We asked this panel the following questions:

Are the rules of the game, developed in an earlier and less urban age, adequate to the organization of public services, whether supplied by government or private agencies—in the present urban environment?

Is much of what are called urban problems simply the result of urban growth, or do they result from the fact that the governmental organization of our metropolitan areas has been frozen into a legal and institutional mold, ill adapted to current requirements?

Is the optimum size of the governing area for purpose of taxation, for example, identical with that which is optimum for providing first-class educational services, or transportation services, or recreational services, and so forth?

Is the problem of local organization and policy execution in our urban areas one of an inadequate innovation in governmental institutions and practices, or one of inadequate technical innovation?

We are honored to have with us three distinguished experts: Frederick Gutheim, consultant on urban affairs, Washington, D.C.; James Heilbrun, professor of economics, Columbia University; and Milton Kotler, resident fellow, Institute for Policy Studies, Washington, D.C.

Our procedure will be to allot each of you on the panel 5 minutes—that is a short time, and if you want to take 10, it is perfectly all right—to summarize your position and add anything that has been brought to your mind since you submitted your paper, and then we will proceed to pose some questions to you for discussion.

I didn't mean to be too abrupt in fixing the number of minutes. That seems very military and precise.

Mr. Gutheim, will you start?
Mr. GUTHEIM. Thank you, sir.

STATEMENT OF FREDERICK GUTHEIM, CONSULTANT ON URBAN AFFAIRS, WASHINGTON, D.C.

Mr. GUTHEIM. The last time we met, I think, you were saying it was impossible for a U.S. Senator to make a short speech.

Senator PROXMIRE. It would be more appropriate in the House, where they have the 5-minute rule.

Mr. GUTHEIM. I have already given my views—as have the other members of the group here this morning—in the compendium.

It would seem to be a very good thing if we got into discussion as rapidly as possible.

Now that Congress has provided this new opportunity by organizing this new committee, the first thing we should ask is what it might do to the greatest advantage.

I must confess that it still seems to me that the urban problem, which has been the subject of so much rhetoric, still needs a great deal of definition, and even more particularly when so many other elements of Congress are dealing with various aspects of it, this committee needs to think quite hard, not only about a distinctive role for itself, but also about how, from its particular vantage point, it might be able to unify and pull together a great many more fragmented efforts on the part of other committees that are spinning their wheels because they don't have a more comprehensive framework within which to work.

So, the first thing which I would urge is that we spend some time, at least, trying to ask what the problem is that we are here to deal with, and I might say that the contributors to this compendium are far from united as to what it is and what the relative priority should be given to different parts of the problem.

I don't think any of us have really addressed ourselves to the question of how the committee might use the leverage that it could have as opposed to finding a distinctive corner of the field that no one else has preempted, so to speak, in which it can work.

Now, the general strategy that I would think you might consider is one of reviewing very broadly, of course, from the economic aspect, what all parts of Congress have done in relation to the problem of urban America, the problem of the urbanization of the country, the problem of urban growth.

This, intrinsically, is a review function. It seems to me very compatible with the function that the Joint Economic Committee itself performs, and one that ought to fit very well into this philosophy of how a congressional committee might work.

But finally, after you have defined and after you have reviewed, you must come, of course, to the point of action, the point of some definable product of your labors, some specific contribution that you might make, and here I think the question is one of trying to bring into focus and to concentrate an effort which in our system of government tends inherently to become diffused.

There is never a public program, for example, that doesn't want to produce some benefit in every congressional district.

There is never some public program that doesn't try to diffuse itself very broadly so that it seeps down into the nerve ends of the system and acquires some tangible benefit throughout the area.

This is a wonderful thing. It builds an inherent democratic quality into all of our public programs. But at the same time this diffusion works against many efforts that are desirable. The model cities program that we are now involved in, to illustrate, started off with the idea that there might be five or six model cities that had great demonstration qualities, great exemplary value. But the more this was worked on, the more people got on it, and the number grew. This loss of focus and loss of concentration seriously weakens the value of what was thought of originally as an opportunity to do something quite new, of getting out of the rut, of innovating in some fashion. So, I think, the problem of focusing the effort is the third thing that I would urge it is worthwhile to consider.

Now, in general, there is a strong predisposition on the part of many congressional committees to exercise their oversight, and I don't want to appeal to that. I would much rather see this committee exercise its insight.

What this problem of urbanization needs, more than anything else, is understanding, and if you are going to approach the problem with definition, to approach it in breadth, examine it in its comprehensive quality, if you are going to throw this umbrella over all the activities that the Congress is engaged in by this suggested review procedure, and if you are going to try to come out with something that is quite focused, in the end your own contribution, then it seems to me understanding is the most important thing.

I think that is enough to indicate my point of view. I would be interested to hear what my colleagues here this morning can contribute. Then, if it is your pleasure, as I understand, we may have some sort of discussion together, rather than the form of the committee and the witness.

Senator PROXMIRE. Fine. Mr. Heilbrun?

STATEMENT OF JAMES HEILBRUN, PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY

Mr. HEILBRUN. Mr. Chairman, this panel was asked to discuss the problem of organizing the public sector to provide government services in urban areas.

In the paper I prepared for this meeting, I took the poverty problem to be the most important one now facing urban government.

Events which occurred during the summer while I was writing the paper certainly confirmed that view.

I attempted, in my paper, to show how the evolving pattern of settlement within metropolitan areas severely limits the ability of central city governments to finance their part in the war against poverty.

I concluded that the case for easing the financial burden on our central cities is, therefore, a very strong one.

Our older central cities cannot be accused of crying "poor" with a loaf of bread under each arm. On the contrary, "the rules of the game," as this committee has called them, now work against the central cities.

My argument can be summed up in eight propositions, and I would like to run through these very quickly.

First, the older central cities now have lower average family incomes and a higher incidence of poverty than the suburban rings that surround them.

For example, in every one of the 48 urbanized areas that had a population of over half a million in 1960, median family income was higher in the suburbs than in the central city.

In the older metropolitan areas of the North and East, 16 percent of families living in the central city fell below the poverty line in 1960.

In the suburbs of those same areas, less than 9 percent of families were living in poverty at the same date.

The second proposition is this: The income position of the central cities relative to their suburbs has been rapidly declining. For example, in Detroit the per capita income differential in favor of the suburbs rose from 11 percent in 1951 to 50 percent in 1959.

Similar changes have taken place in every major metropolitan area of the North and East, though not always as rapidly as in Detroit.

Third, this decline is the result of fundamental forces that shape the growth pattern of metropolitan areas. The poor are attracted by the old, low-cost housing and easy access to jobs offered by the central city.

The well-to-do, on the whole, prefer and can afford the new housing, high transportation costs, low densities, and income segregation of the suburbs.

Fourth, the same technological forces that make possible the dispersion of population have also enabled business activity to spread out into the suburban ring.

Fifth, as a result of the dispersion of wealth to the suburbs, the per capita tax base of the older central cities is generally lower than the per capita tax base of the suburban rings, and the gap is widening.

For example, in Baltimore, suburban property value per capita rose from 81 percent of the central city level in 1950 to 110 percent of the central city level in 1960.

As far as we can tell from limited data, a similar pattern holds in most of the older metropolitan areas.

Sixth, the fight against poverty requires that governments engage in the redistribution of income from the rich to the poor. However, when local governments do this, they run the risk of driving taxpayers out of the jurisdiction, while attracting beneficiaries into it. Within metropolitan areas this means that the more the central cities spend on the poor, the more they increase the fiscal pressure that encourages the rich to move out, thus further eroding the tax base and undermining future prospects for those who remain behind.

Seventh, the division of metropolitan areas into central cities and suburbs also raises problems of equity in connection with financing a redistribution of income in favor of the poor.

The self-segregation of the well-to-do in suburban areas enables them to escape some of the financial burdens borne by the taxpayers in the central city.

Since the war against poverty is a national undertaking, it is undesirable to allow taxpayers to opt out of it simply by moving about within the metropolis.

Eighth, it follows from the first seven propositions, that, as a matter of policy, a greater degree of financial responsibility should be shifted

to higher levels of government. Specifically, this means relying more than we have in the past upon the taxing powers of higher level governments to help finance local services that produce important benefits for the poor. Only in that way can the Nation's taxable wealth be adequately, equitably, and efficiently mobilized to finance the antipoverty campaign.

In short, if the war against poverty is not to be frustrated at the local level, our central cities need more financial help than they have been getting.

That, Mr. Chairman, sums up what I have argued in my paper.

Senator PROXMIRE. Thank you. Mr. Kotler?

STATEMENT OF MILTON KOTLER, RESIDENT FELLOW, INSTITUTE FOR POLICY STUDIES, WASHINGTON, D.C.

Mr. KOTLER. Mr. Chairman, I prepared some brief remarks as a background to the articles in the publication, the two essays.

In these few minutes before our panel discussion, I would like to briefly state my analysis of the urban problem.

I wish to do this so that my remarks will not be misunderstood in this chamber, and so that my recommendations can be seen as positive in spirit and practical consequence.

As I argued in your publication, the city riots are the chief urban problem. These riots are local political rebellions.

They demand what all such rebellions have demanded; namely, local control, or self-government, for the sake of liberty, and the political power to gain a fair share of the benefits and justice of society.

This analysis must be understood by constituted authority, for it can meet the problem by giving the neighborhoods some local authority to make the necessary laws to strengthen their community for peace, justice, and prosperity.

In this respect, the role of Congress is crucial. You are the seat of Federal legislative authority. Yet you are wise enough to know that 535 legislators in Washington cannot understand our present structure of representation or make adequate laws and programs for diverse neighborhood communities.

This is also true of our States and city governments.

The black communities are different than the communities you know or truly represent. They are struggling against great odds and have come to know the ways and means to meet their problems. They would prefer to meet these peacefully through law, rather than through violence, but they have no public authority to legislate these laws and programs of common interest in their communities. They have no neighborhood self-governing authority. They have no local government. They have neither liberty nor political power. Under these conditions, what is there to bind these communities to the Nation? Patriotism without patria?

Congress cannot make adequate laws for diverse neighborhoods out there. The best you could do would be to transfer some part of your legislative authority to those communities so that they, too, can make law. Out of the practice of local authority, the people will come forth with their neighborhood needs for national resources. You could then allocate our public wealth for urban society through programs which neighborhood authority could utilize. In this way,

you can bind the Nation through authority, not force. And the more authority you give, the greater your own authority will grow.

Intrinsically, you should be able to understand this political issue, for you are political men. Further, you could live with local government and its liberties, for your role calls for deliberation, not administrative control. All you require is getting elected through virtue, or honorably accepting defeat. As elective leaders, you have no structural difficulty in transferring some of your authority to local communities. The people would be grateful for the liberty and give you votes.

What stands in the way of this understanding? Of course, there may be constitutional objection to your transfer of authority to neighborhood territorial organization, but these merely reflect the interests of political opposition to this wise course. The real obstacle is this political opposition, and your own subjection to it. Its source is ancient; namely, central administration, at the city, State and National level, and the special interest in the society that profits by bureaucratic control. I speak of organized business and professional interests.

Whereas you would receive public gratitude in return for the transfer of legislative authority to localities; what would the bureaucratic get? Merely less control, and less of the material benefits of control.

This being the case, it is particularly unfortunate that Congress has the habit of turning over political analysis, as well as wide de facto legislative authority to the bureaucracy. They wish to possess your function entirely. Certainly they will not give you the proper political analysis of the urban crisis if it requires local neighborhood government, and the transfer of part of your legislative authority to the neighborhood communities instead of to them, to central administration. They do not wish to see the people empowered by local authority, or you empowered by the gratitude of the people. They want all authority unto themselves.

Is this not what the theory of checks and balances tells us?

The poor are not so much oppressed by your laws, so much as the maladministration of those laws or their nonenforcement. Retain your legislative authority and your political analysis. Give a share of that authority to the neighborhood community. Bind the Nation by law, not police administration.

Thank you, Mr. Chairman.

Senator PROXMIRE. Well, I must say, this is very interesting and provocative, the panel we have here this morning, is certainly diversified.

Let me ask, Mr. Gutheim, you started off by saying that you felt that what we needed first was a clear definition of just what the problem is.

It might be helpful if all three of you gentlemen would give us, as briefly as you can, your notion of the problem.

Mr. GUTHEIM. Yes. I think that the need for definition is brought out very well by the contributions that you have received this morning.

Mr. Heilbrun apparently thinks that the urban problem is primarily tax and fiscal problems, and if you could modernize institutions in this field, it would contribute substantially, if not altogether, to solving the problem, or at least put cities in a position where they could solve the problem.

This, from my point of view, leaves out quite a lot of things that have to do with the powers of the cities, metropolitan organization, as opposed to the problems of central cities, the extent to which problems of human behavior, for example, are fundamentally economic as opposed to social or psychological in their motivation. But I think this flushes out what you were trying to express.

And, similarly, I think, to Mr. Kotler the urban problem is almost exclusively one of poverty and Negroes, a problem of central cities, except insofar as metropolitan resources, jobs, and so forth might be mobilized. But I don't think that all of the people who are living in metropolitan areas are impoverished. I don't think they are all disadvantaged by virtue of their race. And they have quite a lot of other problems that are equally entitled to consideration and to which Congress is certainly responding.

It would seem to me that as far as the definition of the urban problem is concerned, some of the elements that I would want to see characterizing it are a new kind of human community that has come into being, not simply characterized by the extraordinary scale that engineering and public health have allowed modern cities and metropolitan areas to obtain, but also the extremely specialization of many parts of it which are the consequence of the division of labor in modern society, the extremely efficient forms of personal transportation that have allowed the separation of homes from working places and things of this kind.

A new kind of community has come into being, and it is in relation to the governmental needs of such a community that the institutions we have inherited have become obsolete, that we are concerned, as your set of introductory questions has implied, with problems of area and power, that are different today than they were 20 or 50 years ago.

The whole concept of efficiency in government can no longer be regarded, as I am afraid most city managers still regard it, as a matter of narrow engineering costs and benefits, a question of organizational efficiency in the machinery of government.

And, finally, I think the question of representative democracy and how it can work not only in an urban setting but within the institutions that most of us find that they have—these are further aspects of the kind of human community that today we call the great city.

As one attempts to define what its problems are, and to give them some ranking, some priority, it would seem to me that these questions of tax and fiscal policy and these preoccupations with the immediate problems that have evidenced themselves in the riots this past summer are still only a very small part of it, and as one looks to the future, the thing that disturbs me most is that the urban problem is not getting any better. It is getting worse.

Cities are not digging themselves out of the problem. They are digging themselves deeper into it. All of the currents that are at work from an evolutionary point of view, are intensifying and exacerbating the problem rather than improving it.

So that it is the direction in which we are going that needs to be looked at, as well as where we are now, and I think all of us on this panel, from our own points of view, have a rather gloomy prognosis of what the immediate future is.

Mr. KOTLER. I am rather optimistic.

Senator PROXMIRE. Do you want to go ahead now, and then we will go to Mr. Heilbrun.

Mr. KOTLER. I see no reason to be pessimistic. The attitude of pessimism would hold if we did not identify a powerful and human principle of constructive possibility at issue today. I think that principle is evident. It is liberty, not Negroes and poverty.

Senator PROXMIRE. What do you mean by "liberty"?

Mr. KOTLER. Let me give you an example. Isn't it reasonable to assume that a poor community would prefer to pass an antiusury law than burn down a usurious business? Isn't it reasonable to assume that a poor community would prefer to legally restrict the Metropolitan Life Insurance Co., or other banks, from coming into the neighborhood, buying up territory, clearing it and throwing them out? I mean local liberties.

Senator PROXMIRE. What you are saying is that you would like to give the residents of the poor community the authority to determine their own ordinances and to some extent their own laws, and in doing so wouldn't you then be making even smaller communities, within a community which so many people say is too fragmented now?

You would seem to be in direct conflict with Mr. Heilbrun, and Mr. Gutheim, and others, who have said what we need is a broader metropolitan government rather than one that is fragmented into smaller units.

Mr. KOTLER. I am in some agreement with Mr. Gutheim.

Mr. GUTHEIM. We need both, really.

Mr. KOTLER. I am giving the locality more weight. The reason for having face-to-face units of authority is not mere sociological nicety. It is what man's political nature requires. Further, there is great power today in locality. It must be legitimated by local authority.

Of course, this may frighten business and capital. Imagine, that they could be restricted by the local authority of a poor neighborhood! At some point, however, the neighborhoods of poverty require new forms of economic organization to fit their social conditions. I am sure we could live with a mixed economy.

Senator PROXMIRE. Are you talking about political or economic organization, or both?

Mr. KOTLER. There are many new possibilities, I suppose. I don't know what these new economic forms are, but local people would invent them if they had authority. They may be neighborhood corporation businesses, owned and operated by the neighborhood authority, either publicly or privately chartered.

I am not certain what kind of local economy will emerge. But, I am sure people with authority will invent new economic forms, that would be different from our familiar pattern of local business.

Senator PROXMIRE. Would that aggravate the kind of situation that has been described by Mr. Heilbrun, when he pointed out the central city is losing the people with better incomes who are moving away from the central city and attracting the people with lower incomes?

One of the reasons for this is because they don't have the opportunity to have a countywide, or metropolitanwide taxing unit.

Now, if you are going to fragment it even more narrowly and provide that the inner core of the central city is going to have its own community, its own antiusury laws, its own taxing power and so forth, aren't you going to make it that much worse?

Who is going to stay in there along with the poor?

Mr. KOTLER. I am not, by any means, advocating neighborhood separation. I do recognize the need for a larger city tax base and metropolitan organization for certain things. I merely emphasize the political importance of the neighborhood as a local unit of self-governing authority.

This is quite in accord with the absorption of the suburbs into a metropolitan authority. There is agreement there, but let us give some recognition and attention to the political issue about which people are today warring; namely, local control.

And by the way, I would like some liberty, too. I live in Washington and have no political liberty, only a so-called mayor.

Senator PROXMIRE. It is not liberty. You don't have authority. You don't have any way of translating your desires and your needs into effective political action in Washington because we don't have an elected government.

Mr. KOTLER. I have never made a binding public decision in my life, except to say that once every 4 years I get into a booth to pull a lever. That is not public decision. That is not legal authority. That is a private and rather absurd act, which I do not expect to perform again. [Laughter.]

When Jefferson spoke of the ward republic, he realized that you cannot have representation without democracy; namely, without local assembly that has authority over something, be it the trees on the public streets.

Senator PROXMIRE. I think all of us would agree with the sentiment of what you are saying, but it is a matter of defining the kind of areas where this is possible, and where it would be acceptable, perhaps, to the Congress and to the city government and to the State, and fighting for as much as you can get, by giving the people who live in these communities as much authority and dignity as you can give them, and at the same time providing the overall authority necessary to achieve the kind of thing Mr. Heilbrun is talking about.

Mr. KOTLER. Let's take the Model Cities Act.

It contains a very regressive feature. Unlike earlier Federal housing programs under which the Secretary of HUD could give grants to local nonprofit organizations—if they got the mayor's approval, the Model Cities Act contains no authority for this local funding relationship. The Secretary can only give money to the city public agency.

Now, that is a regressive feature. We are precisely moving our legislation away from doing the politically necessary thing. I think it would be very good to amend that act to permit the Secretary to fund neighborhood corporations as structures of citizen involvement in the model cities program.

Of course, there is a neighborhood corporation bill, which is before your committee, Senator. Senator Ribicoff's bill S. 1433, would amend the Model Cities Act to provide for this decentralization of authority.

But currently we are moving to more and more centralization. As a result, you get Detroit—beautifully coordinated cities without any contact between the people and government. It is an error to think of coordination as the problem of fitting agencies together in a neat pattern. The coordination is between the people and government. This can only be done by the delegation of authority to neighborhood locality.

Senator PROXMIRE. You are an expert in this area of riots. Do you feel that this enigma that puzzles so many people, of a Detroit, which has done so much, and has seemed to have a very progressive nongovernmental organization, inasmuch as the UAW is the dominant union, and it is the union that has done more for civil rights, than any other union in the history of our country—at least in a big way.

Detroit had so many things going for it, and yet they had the riot.

Is this because these programs moved ahead in a way that left the people in the poor areas feeling that they had nothing to say about it, no control over it, no influence, didn't count?

Mr. KOTLER. There are two basic questions that our Nation has to struggle with. First, is our economic organization able to get the 30 million poor into the flow of money, which has been holding this country together? Second, is money enough or do people need liberty?

Our inadequate antipoverty money does not get down to the people. I am familiar enough with poverty programs to conclude that their latent function of advancing new careers for the professional class prevails over their manifest aim to bring the poor into the economy. The reason for this is that structurally there is no room in the economy for them. Even if there were, I am not sure they wouldn't riot, too.

We have a 19th century notion which plagued every developed country: Can you possibly hold together a nation by economic organization? This is the dubious assumption of capitalism and communism. They merely differ on their strategies of economic control. The assumption is the same. If we can get everyone into a job, we do not need political liberty to bind a nation. We can merely control people by the manipulation of wages.

This worked for a while. As local government, the foundation of liberty, was being destroyed by our State governments. Well, now, we have a problem. For 30 million people there is no room in the economic system. As a matter of fact, there is no room for a lot of whites. Capital is becoming autonomous. Its technology is destroying the labor value of man and consequently more people are thrown out of the wage system.

What, then, is to socially control them?

Today we are trying desperately to squeeze them back into the economy, through manpower training programs. Frankly, this is, nice, but certainly no political solution, let alone economically feasible. Although you can get one guy into a job, the political problem is, What are the rest doing? Waiting? Unless you get whole classes at a time into jobs, you face the fact of their political formation.

So, we have a problem, now. The whole notion of controlling a nation by wages is being challenged by the dialectics of capital, which is displacing human labor value. We may have to turn to an older notion of binding a State in peace; namely, the proper distribution and arrangement of authority, or binding a State by political constitution rather than economic organization. We must give existing social powers the authority to make laws which they require for survival and advancement, and harmonize this arrangement in government, thereby harmonizing the society.

We must have local government because today urban locality is a major formation of social power. Witness the riots. We must give to those communities, which have no adequate economy, some kind of legal authority to build a viable economy. I am not an economist,

but a political scientist. The beauty of legal authority, properly arranged, is that it publicly establishes man's creative and constructive solutions to survival and prosperity. That is the importance of political liberty and its local foundation.

Senator PROXMIRE. Mr. Heilbrun?

Mr. HEILBRUN. Mr. Kotler has stuck his neck out, which I think helps to further the dialog here, and he raises questions which we can all discuss.

I avoided that by not endorsing any specific proposals.

Senator PROXMIRE. You said we need a redistribution of income in which the poor can share, in a sense, and yet you can't get it now, and you endorse shifting a greater level of financial responsibility to counties, States, and so forth.

Mr. HEILBRUN. Right. But I would like to come back to the issues which Mr. Kotler raises, because they are very fascinating ones.

In a sense I agree with him, but in another sense I do not, which, I think, is the same feeling that the chairman has. You can't be against participatory democracy. It is like being against motherhood, and I think anyone who lives in a large city—and I live in New York—is very much aware of the terrible problem of lack of communication between the central administration of the city and the people in the neighborhood. It is a very serious problem.

In New York we have a monolithic educational system which employs something like 55,000 teachers, and it is all run from one central office somewhere, where they have I don't know how many thousand central bureaucrats operating the system, and the neighborhoods, until very recently, had nothing whatever to say about how this thing worked.

I think we are all properly distressed by this overcentralization and this lack of communication or, more properly, of participation, at the neighborhood level.

The question that comes to my mind is, What kind of activities can—both usefully, and feasibly—be decentralized? And, I have to admit that my initial reaction to most proposals of decentralization is that they would involve maintaining the central administration as it now is and creating another layer of bureaucracy underneath somewhere, which really wouldn't lead to the result that you want.

Nevertheless, I think Mr. Kotler is right, that we have to find some way of decentralizing some functions of government to the neighborhood level, but I question whether it can be anything as sweeping as he seems to suggest, because the ghetto areas are truly impoverished, and if you threw them on their own resources, they would have nothing.

They don't stand to gain by autonomy. They may stand to gain by having their local authorities subsidized from the outside, but that raises all kinds of other political questions.

Mr. KOTLER. Everyone else is subsidized. We are not talking about their own resources and their local secession from the city or Nation. They don't want that either.

Mr. HEILBRUN. But then he raised the question on what conditions and terms they could get money from the higher levels of government. I don't think it is possible in a practical sense to conceive of neighborhoods going on in one direction in social policy, while the State of New York or the State of Illinois is heading in another, because the State

simply won't subsidize these efforts that seem to contradict the direction in which social policy has been determined by the majority, and you have to remember that the ghettos are a very, very small minority in the State or National population.

They are only large in the central city, and even in the central city they are far from a majority in most cases. There may be some exceptions to that.

So, I think that we have to find those functions that can be decentralized, and try to work experimentally toward decentralizing them.

Maybe education is one such function, but even there you have problems, because if you have neighborhood self-determination in the educational system, you invite segregation.

Public policy favoring segregation may involve moving students around from school district to school district.

But with neighborhood autonomy, you cannot have that.

There are a lot of conflicting end values here, and it is difficult to decide what is the best set of policies.

There are some functions of government which you certainly cannot decentralize. For example, smog control is something that has to be done not just on a city basis, but on a regional basis.

Garbage collection is another example. There is no reason why a neighborhood should want to control that, because the scale of operation that is necessary for an efficient system simply precludes any local autonomy, so it seems to me the practical way to go at this is to find those functions that can be handled on the local level and try to work toward that, but not to raise the hope of creating truly autonomous neighborhood governments, because I think that that is retrogressive in the larger sense.

I think you mentioned, somewhere in your paper, Mr. Kotler, that you recognize the fact that society is increasingly organized on a horizontal scale that is nationwide.

For example, as an economist, I am in touch with economists in all parts of the country. I probably am in closer touch with the economists, let us say, in California, than I am with the physicists in my own university, whom I hardly ever see or speak to.

The same thing goes on throughout society. There are these horizontal layers of communication, which have been made possible by modern communication and transportation and the whole of society is organized on that scale.

This is not a new theory; it has been put forth by sociologists, like Scott Greer.

The locality for most people has less and less real meaning——

Senator PROXMIRE. What are the groups and the people within the ghetto communities who can identify with the people outside of it?

Mr. HEILBRUN. That is the problem that Mr. Kotler recognizes, you see.

Senator PROXMIRE. Maybe there are some social workers that do so. Perhaps you have some people who organize just on the basis of fighting for civil liberties and civil rights, as we have in the city of Milwaukee right now.

Mr. HEILBRUN. Mr. Kotler recognizes that the poor in the ghettos are not part of this national system of intercommunication. They are isolated, they are powerless, and they are not receiving the sense of

participation or belonging which even the middle-class citizen in this country now has, and the question is, what can you do about it?

Well, he is proposing to give them a sense of political participation, but——

Mr. KOTLER. Also power. You know, there is nothing like 15,000 city votes held together by neighborhood self-governing authority to get some resources from the city, the State, and the Federal Government.

Senator PROXMIRE. May I interrupt you, or did you want to make another point?

Mr. HEILBRUN. I think the alternative attack, and I think the attack which most people would endorse as being, you know, just the ordinary way that we hope to go about these things in this country, is to incorporate the poor eventually into the national system by, as Mr. Kotler says, taking them one by one and training them for jobs which will not disappear by the day after tomorrow.

Now, that is an extremely difficult task, and I recognize, I think, as well as anybody, that it is necessary to organize the energy of the people in the ghetto to help themselves. It can't be done from the outside. They have to take action on their own to find their way into this system, with whatever help they can be given, and so I do not want to come down too heavily against what Mr. Kotler is saying, because I recognize that his proposal is really part of the same philosophy that endorses stimulation for self-help and self-determination, but I do question whether it can be done on as grand a scale as he seems to be suggesting, which is really to make a political revolution that runs counter to the whole sociological tendency, not just of the last few years, but of the last 400 years, or more.

Senator PROXMIRE. I know Mr. Kotler is anxious to get in, but I want to get Mr. Gutheim into it, and I would like, if possible, for you to come in on this angle:

You say that the problem is not simply one of very poor people living in ghettos—that is part of it, and a very important part, and a dramatic part, but it is not the only important part.

There are many other people living in the metropolitan areas whose problems are increasing and perhaps it is going to get worse as time goes on, and as I recall your paper, you emphasized a kind of mindless lack of planning and direction and understanding which we have in our cities, just a tendency to grow like Topsy and grow very badly for that reason.

That is one of the points you make that I think is most helpful, and I wonder if there is anything the Federal Government can do by way of encouraging the development of planning and initiative.

You say that few, if any, of the cities have a great university, which by itself can provide a great deal of the assistance in defining goals, and providing understanding and perhaps organizing those who want to work to develop the city.

As you put it:

> Few metropolitan regions, for example, contain a great university that has accepted any significant measure of commitment to the solution of its urban problems.

What can we do to encourage this? And I would like to have the other gentleman comment on this.

Mr. GUTHEIM. Perhaps I could give a little foreground to this.

Senator PROXMIRE. I just happened to settle on that, because that seems to me the immediate thing we could do in some of our cities. There may be other things we can do.

Mr. GUTHEIM. I am very glad you recalled that sentence, Senator, because I do think this is a problem of ideas and one that can be illuminated not only by research and by the accumulation of data, but by some fairly sustained thinking about it, and this is what I would think a university might be expected to undertake.

It is certainly something that cities are not undertaking now, and I think I spoke somewhere about the shortcomings of urban bureaucracies in terms of being able to deal with the kinds of questions that we are considering here.

I would like to provide a little foreground for this question by saying that in the last paragraph of my paper in the compendium, I tried to recognize that we needed the means to deal with the large metropolitan areawide systems, such as transportation, that are not only impossible to deal with in bits and pieces of the metropolitan mosaic, but which are also fundamental to overcoming many of the problems of the neighborhood, of the problems of isolation, for example, the separation of people living in city ghettos from the growing number of jobs that are found out on the periphery. You have to have something that deals in a more unified and effective way with the problem of the metropolis as a whole.

But you also have to have what we have been talking about here, the smaller grassroots democratic unit in which there may not be much power, but there certainly can be political recognition, and political influence, and in which there can be a response to these kinds of questions.

I am not so sure that they are all that economic, in terms of jobs, although I believe that is still the most fundamental thing. There is the poverty of affluence, of course, and there are many people that are not happy about the kind of life they have to live in city ghettos, who are not necessarily poor, who are not particularly unemployed.

It is the relationship between these two things that fascinates me. When I think of the problems that you referred to, of smog and garbage collection and so forth, while they are metropolitan problems, they fall unequally on various parts of the metropolitan area.

If there were a neighborhood government in Anacostia, the Kenilworth dump would have been closed down much earlier. In Watts, for example, the isolation of the city because of the deficient public transportation——

Senator PROXMIRE. Let me interrupt at this point and say that I think this is one of the reasons that it is important for a particular city to have a university, or an intellectual group, or planners who can zero in on that city's problem.

If we try to do it in Washington, we can miss the mark badly. We can't set the priorities for all the cities at once and do it wisely here.

If, on the other hand, we can provide some kind of stimulation, incentive, and support for a group that can do it in each city, it seems to me it might be a very wise investment for them to define goals and priorities for that particular city and area.

As you say, in Watts, for example, isolation and lack of transportation is very vital. Perhaps this is of less importance in New York.

Mr. GUTHEIM. Or Detroit, the home of the automobile.

I think if I had a few thousand dollars to experiment with, it might be useful to spend it in conducting a constitutional convention in one of the neighborhoods Mr. Kotler is concerned with.

Something like that, I think, would tend to put more pieces of this problem together than we see now in the single shot, "Give transportation to Watts," for example, or recognize some kind of voice for a neighborhood that simply allows it to blow off steam and express itself.

Senator PROXMIRE. If you are going to try to cope with the kinds of problems Mr. Kotler is suggesting, it seems to me you have to have some people who can plan, think, look ahead, examine, get into the area and ask the right questions, and then have the prestige to work with the city, the county, the State, to persuade them to go ahead with this kind of thing and grant this kind of opportunity for the people living in the area.

Mr. GUTHEIM. The people we are talking about are on one side of the street, and the brains are on the other.

Mr. KOTLER. I object to that statement. The brains are where?

Mr. GUTHEIM. On the university side.

Mr. KOTLER. That is why we have riots and rebellions? On what basis do you feel the brains are in the university? Biologically, there are brains all over the place. It is a highly prejudicial statement. I am shocked.

Mr. GUTHEIM. I said "brains," not "intelligence." Let's say that the people living in ghettos have found no way to express themselves effectively in terms of ideas, facts——

Mr. KOTLER. Excuse me. I don't wish to be ill mannered, but how do you imagine that poor people without jobs have been able to survive unless they had brains?

The fact that they have expressed no neighborhood public policy, though I think they have, may have something to do with the fact that there is no public authority in the neighborhood.

Senator PROXMIRE. Would you disagree, Mr. Kotler, with a notion that a great deal of the training and disciplines that have been achieved at the university can be useful and helpful?

I am not talking about—and I am sure Mr. Gutheim isn't either—certainly any moral superiority.

Mr. GUTHEIM. Biological superiority.

Senator PROXMIRE. But that there are people with techniques which can be helpful to the poor community in developing its own degree of self-government and developing its own opportunity to express its will.

Mr. KOTLER. Provided the university people work under contract from the neighborhood authority. They must be legally responsible to the community, if they are ever to be professionally responsible. Isn't that why people want to hire their own doctors and lawyers?

The communities want the professional help. They know they need skills. They want to hire technical ability. Or will we give that authority to the professionals, the so-called brains, to go in and experiment with communities to their own delight? Gentlemen, that cannot be done anymore without further warfare. I don't know what black community you can get into on that privileged basis.

Senator PROXMIRE. Well, unless we do something like this you are not suggesting anything that has very much chance of making

progress. Unless you begin to get the skills in here somehow, and unless you provide a framework——

Mr. KOTLER. The minute you give authority, and I mean some kind of authority to govern something, to a neighborhood, and resources, the first thing that neighborhood assembly will do is invite and hire professionals to come in and tell them how to do things. They will listen, learn, and weigh that advice.

That is the first thing that will happen.

Mr. GUTHEIM. Has this been done somewhere?

Mr. KOTLER. Well, you know, there are a lot of neighborhood corporations going on now and all have professionals in staff positions. I helped start the East Columbus Community Organization (ECCO) Corp. a few years ago. They have professionals on their staff, hired by the people. Since then we find, on the basis of partial returns of a survey, neighborhood corporations in some 30 cities with varying degrees of delegated authority over public programs.

This is a good development. It has a natural process of Federal programs accommodating to the political realities of local power. Congress can do more to affirm this process by passing legislation to help form more neighborhood corporations as well as amend existing community development legislation to fund neighborhood corporations as well as public agencies.

We are seeking an urban federalism.

Senator PROXMIRE. That is fine. I don't see any objection to that, but I do think there is great validity to the point made by Mr. Gutheim that it would be good to develop great universities, or have great universities—after all, every State has universities which have a great deal of competence—and to get them involved with the plan and a program for the entire metropolitan community, including the ghetto areas.

Mr. KOTLER. Let's take an old-fashioned case. Isn't the healing and curing power of a doctor stronger if a patient has the right to hire him? Isn't it stronger that way than when a doctor is a stranger and commands him to be cured?

All we want to know is this: On what basis does expertise relate to the community? I say if it relates to them through contract, under the authority of the community, it can do so much more. It is welcome. It is invited. Its power of expert purpose is so much greater.

Senator PROXMIRE. I do not see any necessary conflict here. You have to have both.

Mr. KOTLER. Let's face the fact. Much money in the poverty program is given out in contracts to universities in technical assistance.

Senator PROXMIRE. But, one difficulty here, Mr. Kotler, is that you are looking at this almost entirely from the standpoint of ghetto poverty. This is important, and all of us, in our hearts, feel it is the problem we would like to solve quickly, because the injustice is so clear, and it is on our consciences, but it is not the only problem, and the great university cannot only work in this area, but in other areas.

I don't want to put too much emphasis on this university concept. There are brains in our corporations and businesses that can be organized in this kind of area, too. It has got to be done through the city government, or county government, or the Governor's office—heaven knows.

What I am trying to say is that somehow we have to bring this technological competence, and by that I am talking, not just about engineering, but I am talking about in the area of training, education, and all kinds of areas, bring that to bear with the greatest possible force in the whole community.

In the ghetto you do have an understandable problem of human respect and dignity and intelligence. These people want to have a great deal to say about it, and they should have, but at the same time, it would seem to me you are obscuring the total problem if you focus totally on the notion that first you have to ask these people what they want, let them work on their own constitutional convention, and then call on expertise which is somehow going to be available.

Don't you have to have a total program that looks at the total program of the metropolitan area? Won't you solve your poverty problem best if you do it that way?

Mr. KOTLER. It is fine to have an overall view. All I am saying is that we must start these neighborhood authorities, too. We must give them some public authority. And that cannot wait for a total picture of what we should transfer and what we shouldn't.

As for pollution, remember nuisance law. There was an old-fashioned law to handle smog through nuisance law. But that was killed a while back. Localities can no longer restrict property from destroying their natural environment. Most national problems are in fact local—and only national by definition. Air pollution is something that shoots up from a chimney and falls down in the neighborhood. These national problems have local existence.

It is amazing how people have commonsense in handling these problems. In ECCO, one of the first self-determined programs was a veterinary program. That seemed foolish. But, why did they want it? The reason was that there were lots of rats, and lots of dogs and cats to get the rats. They got rabies and you cannot afford shots for $10. So, you give shots to all the animals, and you have a public health program to prevent rats and rabies.

So, there is a community intelligence that knows how, practically, to meet certain problems. It can be informed and perfected by expert advice, you know, under contract.

Mr. GUTHEIM. You are really talking about what problems, what powers, what funds and resources might appropriately be given to these neighborhood organizations, and I think those questions are important to decide.

I think they are important to be clearer about than we are probably going to be this morning.

We have probably had enough experience now in these neighborhood corporations to begin to add it up and to analyze it and to make some contribution toward reviewing it and clarifying it. In the end, we are going to have to answer these questions within the framework of what metropolitan areas as a whole are going to need, because you require both a new conception of the powers to handle the large metropolitan systems aspects of the problem, and other powers to give voice, expression, and authority to smaller parts of the whole area.

I think that this is pretty close to being the heart of the problem that we're discussing this morning, and I would be very much interested in——

Senator PROXMIRE. Would you just repeat that, please? The heart of the problem is what, again?

Mr. GUTHEIM. To define the powers and the correct area for the neighborhood unit—for example, the authority which should be given to such a unit of government. It is certainly more than an election district, it is more than a ward, it is more than a concern only with the local environment. The traffic going through a neighborhood, for example, which is destroying its social and physical environment, doesn't originate there, and is not destined there, but it may be one of the most destructive things from the standpoint of hazards in the street, traffic, even the sense of isolation that you have in watching these big pieces of tin go by that don't belong to you.

So we must not look at the problems of the neighborhood as limited to the neighborhood.

They are part of something else. It is not just a question of giving people a possibility of a greater voice in their own lives and their destinies, but also a stronger voice in the decisions of the larger human community to which they belong.

Senator PROXMIRE. Why don't you have the same kind of problems in the suburbs? If they have it in the central city, why doesn't this problem develop in the suburbs?

Mr. GUTHEIM. You do have it, but one of the great attractions of the suburb to the people is the extent that they find a political unit which is reasonable in scale, and in which they can participate, play some kind of part.

They don't just go, as Mr. Kotler says, into a ballot box once every 4 years, but they are involved in community organization.

Senator PROXMIRE. A lot of them are not, of course. They leave their problems behind in the central city. They come into the city and work and go to live in the suburbs; but they go back to their home, modest or substantial, and they live a residential life. And a residential life that, because they have the income, can be pleasant and doesn't have the terrible problems that the people who don't have much income and have to live in the central city have.

Is there something beyond this? After all, Mr. Kotler has raised a very clear point that has been in the minds of all of us. These people do feel dispossessed. They feel as if they do not belong. Many people in the suburbs don't do much either in terms of taking part.

The town meeting, that is something that, in New England and some other cities, people take part in.

I have found it is hard to get people to come to any meeting, whether you have a Governor there, a Senator, or mayor. People don't turn out anymore.

What is it peculiar about the poor neighborhhood in the central city that gives people this terrible feeling of frustration, persuades them to riot, and persuades them to indulge in the violence which probably hurts them more than anybody else—anyway, it does do injury to them—whereas there is no disposition in the suburbs, though there is in smaller cities, as you brought out in your paper, Mr. Kotler.

But there doesn't seem to be much in the suburbs.

Mr. KOTLER. I think you raised the essential question. In the suburbs, money is a sufficient basis of power and they have a good degree of territorial control.

Senator PROXMIRE. Let me interrupt to say that it is not as if we have had a period of riots throughout our history. We didn't have complete tranquillity, certainly, in our central cities, but until the last couple of years we didn't have anything like what we have had recently.

Why has this all of a sudden developed in such an acute and tragic way?

Mr. KOTLER. In the poor community, the only principle of power people have, because they don't have jobs, is their common strength territorially organized. The common action of all those people in the neighborhood is a political force, of some exchange value.

Senator PROXMIRE. What has happened lately that has made them feel this way? Why have we gotten riots in 1966 and 1967, whereas we didn't have them in the fifties and the forties?

More people were poorer. There were more people suffering from malnutrition.

Mr. KOTLER. Probably because the poor feel stronger today.

Mr. HEILBRUN. It is the revolution of rising expectations.

Mr. KOTLER. Those things are expressions of strength, too.

I don't know why the rebellions are going on now, and not 10 years ago. Violence is a very unpredictable affair, but the point is the value of "community" is so much greater in the poor neighborhoods today where there is no wealth as a lever of power. That is why the collectivity is so much more important in the poor neighborhood, and that is why they want territorial, or community control. It is the principle of their collective power.

This is a political fact. I am not proposing neighborhood government as a conscience statement. Compassion must not lead public policy.

This is a political problem. So, we must meet it with practical wisdom, prudence, not conscience. The problem is this: If people are organizing for local control and have local power, what do you do? You either crush them, or you give them the authority. I am saying politically, Congress, the constituted authority, must do the latter as the only way to peacefully catch up with political fact.

If people in the poor neighborhood need their local liberty to build a local prosperity and justice, if they need and want local control, Congress should give them some appropriate authority, if for no other reason than to lead the people. If you don't give authority you cannot lead, and the Nation is split.

Political problems are never solved. They are only dissolved. The transfer of some legal authority to localities can dissolve the present fury and rebellion. With lawmaking authority the local community will build programs that will improve local life.

This neighborhood authority should be democratically constituted with assembly and council, so that each resident will have decision. That means liberty and citizenship. That is the sweet road to domestic peace.

In the meantime, efforts will be made toward metropolitan units based on neighborhood authority.

Senator PROXMIRE. I would like to shift into a little different area for a minute or two.

Mr. Heilbrun, you are with Columbia University, and you are familiar with New York, certainly, along with Los Angeles, one of the

two biggest cities in the country, and a city we know has a great many problems.

Many people say it is ungovernable, and so forth.

Here, it would seem we could test the thesis that there may be diseconomies of scale, if anywhere.

You have argued with economies of scale, and made the assertions, as I understand it, that metropolitanwide coordination and planning is necessary to bring about those economies.

On the basis of experience in New York, aren't there clear diseconomies, so that areawide planning or centralization of authority may cause, not only serious human problems, as raised by Mr. Kotler so well, but the diseconomies just in terms of technological inefficiency?

Mr. HEILBRUN. The latter point, I don't know that there is any evidence for. I don't know that you could prove that, let's say, the New York City school system is technically uneconomical because of its scale.

I think, really, that the problems are in the area that Mr. Kotler has discussed, that is, that the diseconomies are in terms of human or political relationships rather than technical, economic ones.

As I understand it, most of the studies of the economies of scale in providing urban services don't show any point at which you become high cost through increasing scale too far.

What they tend to show, rather, is that you may reach the optimum scale long before you get a school system as large as New York City's, which suggests you could break the system up into a number of pieces without sacrificing any cost advantage, but I think it would be hard to show that there is any cost disadvantage in these large-scale operations.

At least I have not seen anything like that.

Mr. GUTHEIM. I just wanted to recall to Mr. Heilbrun his reference about the 55,000 schoolteachers and the vast bureaucracy which they comprise. I thought when you were saying that, it was the very factor of scale you were trying to emphasize.

Mr. HEILBRUN. I am not convinced that if you broke it up into five systems, one for each borough, that you would reduce the bureaucracy.

Mr. GUTHEIM. Suppose you broke it into five faculties, with challenging opportunities, from a teaching point of view, becoming more important than what is bugging the teachers now, which is wages. They aren't behaving like teachers and they can't as long as there are 55,000 of them.

They are going to behave like 55,000 people, and that's all.

Mr. HEILBRUN. I don't know. They had a school strike in Detroit, which has a system about one-fifth the size of New York City's.

So I don't know that you could overcome all these difficulties by breaking the system up, but I think we have to experiment with that because the present arrangement seems so unsatisfactory that you have to try something which gives more neighborhood control.

All that I am saying is, I think it might function better. I am not convinced that it would end up with a smaller outlay for bureaucratic administration.

Mr. KOTLER. That is a very important point. I think if we delegated authority to the community level, administration would grow, but

that is all right, because those are good jobs for people and, such administration would be directly accountable to local decisionmaking citizens.

There is nothing wrong with administrative work, so long as it is directly responsible, face to face, to the community. This is different from our present faceless bureaucracy.

Senator PROXMIRE. This tends to contradict your whole thesis, Mr. Kotler, it seems to me.

The one way you can make the educational system more responsible to the community, whether it is a ghetto community, or whatever, is to break it down into smaller units.

Maybe one of the first things you could do is elect a local school board. These people feel frustrated that they have nothing to say about the educational policies under which their children operate, and if you are going to have a citywide, 55,000-teacher operation, controlled entirely by a school board, you tend to get away from that.

I take it Mr. Gutheim was suggesting one of the things you might think about is decentralization to provide for greater authority in the local community.

Mr. GUTHEIM. I think there is a real premium in trying to find legitimate functions that have real meaning that aren't just a kind of subterfuge for power, that involve participation, that reward some kind of local creative activity in the political sense, that have some meaning as they tend to encourage the development of citizenship in communities of this kind, which have great difficulty in finding suitable spokesmen, and developing the skills they need for negotiating, and things of that kind.

I cannot neglect saying how much of metropolitan political life, metropolitan local government, cuts right across this objective, but perhaps one anecdote would illustrate this.

We all know that parks are a very desirable thing as places for social life and congregation as well as for recreation for children, but the condition of parks in the slums and ghettos in all large cities is generally atrocious. They are full of broken bottles, and layabouts, they are scenes of crime, and they are not only environmentally deteriorated, but they are socially deteriorated as well, and one of the reasons is that they are not receiving adequate maintenance.

In an effort to try to get some community responsibility and community acceptance that "This is our park in our neighborhood, and we want to do something about it to raise it to the necessary level where we can enjoy it," Thomas Hoving, when he was recreation commissioner in New York City, attempted to get the responsibility for park maintenance given to some employees who live in the immediate vicinity of the park.

At that point he found that he was tangled up in a labor contract which the sanitation workers had with the city, based on equality of compensation for doing equivalent work, and which obliged them to report to a central place for employment, be put in trucks and taken out to some place remote from where they lived or had any neighborhood affiliation.

So, he made a quiet deal with the union to change this situation by giving a small experimental number of recreation and sanitation department employees a new kind of work assignment for the maintenance of the park in the area where they lived, where they would

be responsible for a qualitative objective and not just be putting in a certain number of hours of work, from 8 to 4, or something of that kind.

This means that they would become responsible for the operations of the park 24 hours a day, 7 days a week. They would be custodians in the best sense. They would be people who would have a recognized role in the neighborhood, to which people who lived across the street could come and discuss with them what might be done to improve the quality of the park.

This is the sort of thing which in a small way illustrates the two principles that I would like to see brought into focus here.

One is the extent to which these large bureaucracies and the aggregate approach to dealing with local public services of this kind tend to iron out and to eliminate the consideration of the neighborhood as such. This we should change.

And the extent to which, if our objective becomes one of neighborhood development, there are many things that simply, by reorganizing what we are doing now, could be done in a way that allowed the neighborhood greater expression, would be more responsive to local interests, need not cost any more money, and would provide, I would think, a more interesting and responsible job to do for the municipal employees themselves. But, we have not been thinking of these objectives, you see, and I think once we start doing this, there will be many more things that will become far more contributory to the objectives we have been talking about.

Senator PROXMIRE. I am going to interrupt to call on Senator Percy, because he has been attending more of these meetings than I have.

He is deeply informed, concerned, and, furthermore, it is his turn.

Senator PERCY. More concerned, than deeply informed.

I have difficulty in focusing in on some of the solutions we have come up with on these problems.

Mr. Heilbrun, you have discussed at great length some of the perplexing financial problems of the cities. It is a most discouraging picture you paint.

I recall, in your paper, you did point to the possibility of using the taxing authority of a higher governmental authority to raise money and disburse it at lower levels. Of course, we are giving consideration to the Heller-Pechman proposal, which has been embodied in legislation proposed by Senator Howard Baker, and which I have cosponsored. With the reapportionment of our State legislatures, and with the State legislatures now more responsive to the urban communities, do you feel that this is something that we should really pursue?

Is this something you consider a desirable objective?

Mr. HEILBRUN. Well, at the present time, I suppose it is difficult to see this happening, but it is a longrun objective.

I tried to deal, in my paper, with the question of the pass-through of funds from the State to the local government.

Of course, reapportionment initially helps the central cities but at the same time, the population trends within metropolitan areas hurts them in the longer run because the growing areas of population are the suburbs where the poverty program is not a particularly pressing one—There still remains this question: If the money is handed over to the States, will it reach not just the local areas but really the ghettos

within the local areas, let us say, if that is our objective? Will it reach those impoverished parts of local areas to a desirable extent?

(Senator Percy assumes the chair at this point.)

Mr. HEILBRUN. I don't know whether the Heller-Pechman plan would be better than some alternative that went directly from, say, Federal to local, or even to local ghetto areas.

I think that it might be possible to funnel more money into the impoverished areas of the cities by having it go directly than by the method of handing it over to the States and then letting them apportion it again.

But that requires more investigation than I have given the question. I don't really have a firm answer to that.

There are certainly many arguments in favor of the Heller-Pechman proposal, that it would, for example, stimulate responsible action by the States.

If you give them responsibilities they are more apt to behave responsibly than if you try to bypass them.

There is a strong argument, really, in the same terms that Mr. Kotler has just used, for devolving responsibility of the States, and assuming they will find the expertise and the will to use it correctly.

But I am not sure at the present moment whether the intensity of the poverty problem in some areas of the cities doesn't require that we funnel the money directly to them rather than through the States.

I wouldn't want to make a final judgment on that, but I think the pass-through problem is a serious one, and needs some investigation.

Obviously, the State Governors would like the money to be given to the States, and the mayors would prefer that it be given to the locality, and that is a problem that has to be looked at very carefully.

Senator PERCY. Mr. Kotler?

Mr. KOTLER. Could I comment on this problem, and I think you put it very well: What is the likelihood of that passthrough to the people?

Under our Constitution, local government is the creature of the States. As we think about neighborhood authority as a new unit of local government in urban society, we have to come to terms with the role of the States in this development, barring, of course, a constitutional amendment.

Now, the State has a very interesting device called the special district, establishing local territorial government for different purposes. We have 23,000 of these special districts in our States.

One possibility which you should consider to insure pass-through is this device of the special district, used for neighborhood authority. Maybe we could establish poor communities as special or multifunctional districts of local government for antipoverty community development purposes.

While this is possible, we also have the historic fact and important caveat, that State government has destroyed local government in this country.

Now the question is: Do we have more than a hope that the States will pass on the Federal money to the cities and neighborhoods?

Yes; we have more than a hope.

It is possible in the block grant program to specify that the States, in order to qualify, must pass enabling legislation to permit the pass-through of these funds to the neighborhood governments, publicly chartered as special or multifunctional districts.

Imagine a poor neighborhood community having bonding power, assessing power, and even power of eminent domain.

If we can direct the States to pass such enabling legislation to insure its utilization by mechanisms of neighborhood authority, then I think the grants program may be a good thing. But if we do not, if we don't specify the enablement of a mechanism of neighborhood authority, why wouldn't the States act as they have always acted; namely, to centralize things at the State level. It would be a bad Federal program.

Mr. HEILBRUN. Yes; any legislation could include provisions, as complex as you want, I suppose, that would require a certain kind of "pass-through," but the Heller-Pechman proposal was put forth as a way of liberating the States from Federal regulation. Therefore, to specify the form of "pass-through" contradicts one of the underlying purposes.

Senator PERCY. We have a vote on the floor of the Senate on the poverty bill. So, I will have to slip out. I will try to stay until Senator Proxmire returns.

Mr. GUTHEIM. Alphabetically, you are in bad shape.

Senator PERCY. Yes.

I would like to ask this question of you, Mr. Kotler.

You put a good deal of emphasis on neighborhood organization, and I do know that in the neighborhoods, as I have met with now the leaders of 21 different neighborhood communities in Chicago, and talked to them about their problems, many of the very programs that seem to be designed for the benefit of the poor, urban renewal and so forth, are the ones most bitterly resented by the poor who they are supposed to ultimately benefit. A great deal of the resentment seems to come from the fact that over the years the neighborhood people were never involved in the planning.

There is a lot of bitterness and the feeling that these programs are run by the establishment, and that the establishment is not responsive to the neighborhood and the neighborhood organizations.

In fact, the organizations are looked upon as the enemies of the establishment, as something to be feared and concerned about.

I have always felt that programs developed from the bottom up, rather than the top down, are best. When the people are involved in the initial thinking and the planning, they will not only be receptive, but are likely to be enthusiastic about the programs, and will feel they are a part of it.

In the field of housing, it has been notable that the neighborhood has not been involved.

Yet, it has been said that frustration over housing has been the No. 1 problem of rioting in cities.

We are in the process of voting on a bill in Banking and Currency that starts to get the neighborhood involved in housing.

I have tried to develop, with great cooperation on the Democratic side of the aisle, a National Homeownership Foundation that will have funds available to help create neighborhood housing groups. Then these local groups can analyze the housing problems, come up with plans of rehabilitation, sift and sort families who are eligible for homeownership, and rehabilitate the family with the incentive that every payment they make would not go to some slumlord or a public housing authority, but to their own equity.

I wonder if you can discuss with us, and I will read carefully your comments later in the transcript, your feeling as to the necessity of our operating more programs through the local organization.

(Senator Proxmire reassumes the chair at this point.)

Senator PROXMIRE. Senator Percy has to leave.

Go right ahead, Mr. Kotler.

Mr. KOTLER. Of course, since Senator Percy's question contained some issue of general interest I feel I can answer it in his absence.

He asked the questions about why have our programs designed for the poor seemed to have developed such opposition by the poor, and don't seem to work.

I think the question is that most of our programs have not been designed to help the poor. Their legislative purpose may have been to help the poor, but their operational design does not serve this purpose. Again I refer to the Model Cities Act.

There is nothing in the structure of that program as enacted that credibly suggests that it will, in fact, help the poor.

Senator PROXMIRE. To go back a little further, I think they favor urban renewal; that most people have the instinctive feeling that "We will get rid of our slums."

But, you know, what happens with urban renewal is, you take the homes of the poor and abolish them, and you build luxury apartments, and high-rise apartments, and beautiful office buildings, and the poor have no association with them.

Mr. HEILBRUN. Let me say that I think that has given this whole area of social legislation a bad name that I think it will take about 25 years to live down. The urban renewal program was designed so badly from the point of view of the poor, that it became the source of a great deal of dissatisfaction.

Senator PROXMIRE. Public housing is inadequate to do the job, grossly insufficient.

What is it, we have over 8 million substandard homes, and public housing provided a pitifully small fraction of this.

Mr. HEILBRUN. Urban renewal is a policy to disrupt the poor neighborhoods for the benefit of the middle class, and this creates great antagonism, quite properly, on the part of the poor.

Mr. KOTLER. Why is it that the legislative purpose is one thing, and program design is a completely different thing?

One can only ask legislators to scrupulously look at the designed structure of the Federal program and see if it will serve the intent, rather than content and delegate design to the bureaucracy.

They, along with their related special interests, will design it for some other purpose.

Senator PROXMIRE. You have also, I think—maybe to some extent conscious, and some unconscious—a very understandable feeling on the part of mayors and councils.

The ghetto is an expensive area, in terms of welfare payments, police protection, fire protection, in terms of the reputation of the city, and so forth.

If they can get rid of it, and in place of that have tax-producing, attractive buildings, and homes, this is an understandable objective.

As a matter of fact, what they have done in some of these areas, which seems to me the most unconscionable of all, the FHA has taken a red pencil and has drawn a red line around the ghetto area and has

said, "No FHA insurance in this area, because the ghetto area is economically unsound."

This has emphasized the position of the mayor who wants a wide tax base—the ghettos are an area to get rid of.

And as for a better chance for these people to live—it is not rationalized in this way, but the cities want people who can pay their taxes, who won't become a crime problem, and a delinquency problem, and a welfare prob em.

Mr. KOTLER. We need a rule of thumb to determine whether a program structure will help the poor.

That rule of thumb is whether the act delegates some program planning, decision and management authority to neighborhood organization, territorially defined, legally chartered, and democratically constituted.

If you don't see that kind of authorization, then there is nothing in the design to suggest that the intent to help the poor will be achieved.

Mr. GUTHEIM. The answer, I think, is "No." This hasn't been an objective of the Federal programs, and there hasn't been any confidence in the neighborhood being able to accept administrative responsibility of this kind.

Mr. KOTLER. It is a problem.

Mr. GUTHEIM. One of the interesting speculations we might get into here is the extent to which a neighborhood, given a definition of its area and some conception of what its responsibilities and corporate nature might be like, could actually be given some meaningful responsibility for building codes, enforcing the housing laws on occupancy, or similar activities.

If you want to take these things away from city hall, where they are administered on a citywide basis, I think this might be one of the areas in which neighborhood responsibility could very well be tested.

The rent supplement program is also something that might be administered on a neighborhood basis.

Mr. KOTLER. But, let us remember what happened to the Appropriations Committee decision, to require the 5 percent. That really strikes out the role of local nonprofits in the housing program.

Mr. GUTHEIM. There are many problems of neighborhood improvement, the sort that are being dealt with by community planning boards in New York, or by neighborhood planning groups in Philadelphia. These seem to be areas that could be moved from the planning to the implementing stage without too much difficulty.

But, I think there is a real premium in identifying areas of this kind where there are good payoffs, where the neighborhood; as Senator Percy was saying by his emphasis on the housing situation, has strong feelings, and have a motivation to get into them and tackle them in a fundamental way—these, I think are useful things to know.

Getting back to Heller-Pechman, for example, with all of the things that have been going for cities and States as the result of reapportionment and recent changes of this kind, would you really have any confidence in States being able to respond to the sorts of interests that we have been reflecting here this morning?

Senator PROXMIRE. This concerns me very, very much. Mrs. Griffiths chaired the committee that held hearings on this, and we are concerned about this.

She is conscious of Detroit, and I am conscious of Milwaukee problems. Many Senators have big cities in their States. We feel that on the basis of our experience to date, that even though we have reapportionment on a population basis, that the State is unlikely to be as responsive on an objective basis as it should be on the very acute problems of the cities.

Mr. GUTHEIM. I am encouraged by the responses States are showing. Virginia has a very promising survey that is now being conducted by a special commission of urban problems in the State. These are all helping to drag the States, perhaps kicking and screaming, into the 20th century, allowing them to recognize that these big urban problems exist.

But, in terms of the actual behavior of the States, the voting behavior, the administrative behavior, there is nothing that in any way indicates to me they are today capable of responding to the kind of problems we are talking about.

Mr. KOTLER. I agree with you. Certainly their history doesn't suggest that.

Mr. GUTHEIM. How else would you judge their behavior?

Mr. KOTLER. State government creates local government. When we talk about neighborhood authority, we are referring to a unit of local government. Currently the States are not publicly chartering the neighborhood. So, we use the private nonprofit structure for neighborhood corporation. We would prefer to see a neighborhood publicly chartered. If the States adopt the policy of neighborhood government, and use their public instruments, for example, the special districts, to enable this local government development, then we have a good sign of healthy and changed behavior. Without such policy or process there is no evidence of the States playing any constructive role.

Mr. GUTHEIM. You spoke earlier, Mr. Kotler, of the proliferation of these districts.

There could be a Federal district, like the soil conservation district. The district could be an urban neighborhood and you could pass through to the neighborhood without going through the State or even the city.

Is that what you would want?

Mr. KOTLER. That is another possibility, to consider Federal districts, as well, in our cities, and direct Nation-neighborhood relationship.

Mr. GUTHEIM. Assume these were Federal funds, Federal purposes, there isn't any reason a Federal district cannot be established to deal with them.

Mr. KOTLER. That is a good question.

Mr. GUTHEIM. The question is really a very clear one: Do you want to use these resources and programs to motivate the States to progress, or bypass the States and leave them in the slough of unresponsiveness?

Do you want to write them off, or make something of them?

Mr. KOTLER. There is nothing to suggest that the National Government is going to take any leadership in the neighborhood issue. There is little evidence that the National Government is going to take more leadership on the neighborhood development than the State government will.

Mr. GUTHEIM. They are doing more now.

Mr. KOTLER. Where? The people are doing it. Wherever the Government finds an opportunity for control over something, buried in those laws, they will utilize it, but those openings are fast closing up.

Mr. GUTHEIM. Could we get back to the universities' role in these things, because I have been interested to the extent that they might provide——

Senator PROXMIRE. We were very conscious of this in Wisconsin. Under Bob La Follette, when he was Governor, he developed the concept of the "Wisconsin idea," that the boundary of the university is the boundary of the State, and that the State had a very important role in helping and advising.

One of the reasons Wisconsin has a reputation as a progressive State—it developed a lot of innovations in its political-economic legislation—is because the university led the way and provided the technical advice and understanding, an objective view and scholarly approach that elected official didn't have, and I think this has been true in other States since then, but it is erratic and it hasn't, as you say, by and large, done very much for one of our biggest domestic problems: the cities.

Mr. GUTHEIM. Senator Proxmire, I am a graduate of the University of Wisconsin, and I was brought up on the "Wisconsin idea." This was a great idea in the agrarian——

Senator PROXMIRE. Yes; it was the notion that the university can have a broader responsibility to the whole community, not just to educate its students.

Mr. GUTHEIM. Yes.

I would like to see to what extent universities today could give muscle and support and articulation in a position of advocacy to neighborhood groups of this kind, to give them a kind of technical assistance and to help produce the kind of leadership that is needed if they are ever to get aims translated into plans.

This, I think, is something that is going to require a new kind of collaboration, as new, let's say, as the idea of Agricultural Extension Service was new in 1910, as a means to speed the flow of knowledge and technology——

Senator PROXMIRE. The Agricultural Extension Service is the basis, perhaps, on which you and Mr. Kotler could get together.

Mr. GUTHEIM. I don't think we have been far apart.

Senator PROXMIRE. His view is that he doesn't want the leadership coming from the university. He wants the initiative coming from the community.

Mr. KOTLER. Let's be political; all right?

Why should we suppose that universities, which are wealthy institutions and oligarchically governed, would do anything to help the poor gain local liberty and democracy?

Mr. GUTHEIM. They have done this in Wisconsin.

Senator PROXMIRE. There are lots of reasons. The reason so many of us in life don't do these altruistic things is that we have an economic stake.

If you, as I used to be, are a banker, or own a printing plant, or something of that kind, you are interested in your labor problems, you are interested in keeping your taxes down, in keeping wages as low as you can in relationship to your sales and so forth, and you

develop very quickly, as so many people do who have political influence and political power, that kind of subjective view.

On the other hand, by and large, with the many, many exceptions, I am sure, university people tend, to some extent, at least, to escape from this economic bias, and, at least, they are not tied to it every day. They don't have to live by it, and, therefore, they have a somewhat more scholarly, objective approach.

Mr. KOTLER. It is always possible for individuals to escape from their structure, and be generous. The sociological fact, however, is that organizational structure is the controlling force of institutional decision.

I recall my alma mater, University of Chicago, on this issue. It was a wonderful university back in the early fifties. We even had a vital neighborhood community.

The university proceeded to renew the area, and destroy that neighborhood as well as its own community.

As a matter of fact, a lot of violence began to occur after the renewal began. I would almost conclude that the university started the war on the community which terrified my life, and a lot of people's lives.

Sure, individuals can transcend their institutions. But institutions cannot transcend their organizational structure except by internal revolution. Today grants are made to the universities, handled by departments, and that is going to control what gets done. The quality of what it does will not conflict with the governing principle of wealth which guides university policy.

Chairman PROXMIRE. It is too bad the former chairman of this committee, Paul Douglas, isn't here to defend the University of Chicago.

Mr. KOTLER. It was good in his day, too. We can't let nostalgia guide political analysis and public policy.

Senator PROXMIRE. Now we are talking about politics; we are talking about the technical know-how.

Mr. HEILBRUN. I don't see what the problem is. The universities cannot themselves lead the ghetto.

The role of the university is to lend its personnel on a more or less piecemeal basis to whatever purposes the ghetto wishes to and can finance.

Now, it happens that I am on loan myself, this year, to a poverty program in Harlem. The university hasn't told me what to do. I am just in a position of doing some research and giving some advice to a corporation that is being set up in Harlem for the purpose of economic development. The Harlem group has a grant in which people at Columbia have become involved but the university is not really involved in it in a policy way.

Senator PROXMIRE. The university ought to be involved in a policy sense. Don't you believe that Columbia University could be working with Mayor Lindsay and the city council? Maybe they are.

Mr. HEILBRUN. We are.

Senator PROXMIRE. Not only in terms of what you are doing, which is important, but also a broad policy sense providing goals from which elected officials could choose. University people aren't elected, and they shouldn't have the right to determine what the goals are, but they should suggest, and make the broadest expertise available.

Mr. HEILBRUN. I think that is going on now, and at any point the people in the university are available along with their opinions and and expertise, if the city wants them.

But I was thinking more of the narrow context of this neighborhood development activity.

There, you wouldn't want the university to lead.

The whole object is for the neighborhood to evolve its own terms—its own forms of action—and they can then hire people from the university as they see fit.

Mr. KOTLER. The universities, like the corporation, want enrichment and power. Take the Newark riot. It was rumored that Rutgers was going to give up some of its land planned for the school of dentistry to the black community. Rutgers denied this, "We are not giving it up."

They wanted the land. Upon that land, new buildings are built, new cyclotrons and other such things. Capital growth—you know, they are like the church and like other institutions of great wealth. Good intentions, awaiting sufficient means. But there is never enough money! They don't want to be restricted. They want their capital to grow and grow.

This dictum is obvious to people who suffer from it. The community sees the university bulldozers coming. They know what's up—elimination.

Senator PROXMIRE. Yes; this is a very, very provocative and stimulating panel, but the hour is late.

What I would like to do is ask one more question before we wind it up. That is a question suggested by the staff.

Would each of you categorize the situation by saying we have very complicated and serious urban problems, or would you say we have an urban crisis?

Mr. Gutheim?

Mr. GUTHEIM. I would say we have difficult problems. There are critical aspects to what one sees in cities today, but as a whole, I don't think that cities can be characterized as about to break down.

Mr. HEILBRUN. I would agree with that. I think I said much the same thing in the opening paragraph of my paper. Riots are obviously by definition crises, but we are not just talking about the riots. The only problem which I see becoming more difficult to handle and more puzzling and more pressing and of higher priority, is the poverty problem, because poverty is becoming concentrated in the central cities and cries out for something to be done about it.

The other problems have been with us a long time. Some we are making headway with, and others we are not. I don't think that could be termed "crisis."

The urban poverty problem, however, comes close to meriting the term "crisis."

Mr. KOTLER. I say we have a crisis which your wisdom and political leadership could dissolve, if you make an acute political analysis of our problems and give local neighborhood communities some authority to govern some part of their lives.

Senator PROXMIRE. Thank you, gentlemen, very, very much for a fine and stimulating and informative presentation.

Tomorrow, the subcommittee will reconvene here in this room for a concluding session.

(Whereupon, at 12:15 p.m., the subcommittee recessed, to reconvene at 10 a.m., Wednesday, October 4, 1967.)

URBAN AMERICA: GOALS AND PROBLEMS

WEDNESDAY, OCTOBER 4, 1967

CONGRESS OF THE UNITED STATES,
SUBCOMMITTEE ON URBAN AFFAIRS
OF THE JOINT ECONOMIC COMMITTEE,
Washington, D.C.

The subcommittee met at 10:10 a.m., pursuant to recess, in room S–407, the Capitol, Hon. Richard Bolling (chairman of the subcommittee) presiding.

Present: Representatives Bolling, Reuss, Griffiths, Moorhead, and Widnall; and Senators Javits and Percy.

Also present: James W. Knowles, director of research; Richard F. Kaufman, economist; and Donald A. Webster, minority economist.

Chairman BOLLING. The subcommittee will be in order.

This morning our hearings on "Urban America: Goals and Problems," come to a close—that is, this set of hearings. Up to this time we have discussed values, goals, and priorities, functional problems; and rules of the game—public sector. Today's panel will draw upon five contributors to part IV of our compendium, concerned with "The Rules of the Game: Private Sector." We asked this panel the following questions:

To what extent are the shortcomings of our urban areas the result of actions or lack of actions in the private sector? Are these the result of a lack of initiative and innovation on the part of private interests, or are they the result of improper guidelines or "rules of the game," framed by Government for the guidance of private activity? If the latter, how can they be revised, as, for example, by revisions of property and other taxes, new innovations in building codes, et cetera? What are the conditions which stifle the individual's involvement in his community? How can the individual's sense of responsibility and his search for identity be reinforced and fulfilled in the urban community?

We are honored to have with us five distinguished experts: Charles Abrams, chairman, City Planning Department, Columbia University; Robert Choate, program associate, National Institute of Public Affairs; Edgardo Contini, partner, Victor Gruen Associates, Los Angeles, Calif.; Chester Hartman, professor of urban planning, Harvard-MIT Joint Center for Urban Studies; William Slayton, executive director, Urban America, Inc., Washington, D.C.

Our procedure will be to allot each of you on the panel 5 minutes, more or less, to summarize your position and add anything that has been brought to your mind since you submitted your paper and then we will proceed to pose some questions to you for discussion. Mr. Abrams, will you please begin?

STATEMENT OF CHARLES ABRAMS, CHAIRMAN, CITY PLANNING DEPARTMENT, COLUMBIA UNIVERSITY

Mr. ABRAMS. Let me say, first, that I don't think that the situation in our urban areas is the result of actions or lack of actions in the private sector. I think that it is much more serious than that because we are witnessing an anomaly in American life, and that is the arrival of an urban economy in an urban society at the same time as we are seeing a decline in the growth and prestige and in the fiscal capacities of our great core cites.

These cities are the buttresses of our urban civilization and yet they are losing their middle income population, they are losing some of their major industries, and they are losing their prestige in American life.

It is odd that we have weathered this shift from an agricultural to an urban society, but we have not yet coped with the urban revolution that came in its wake.

I would say that some drastic reconsideration of our Federal policy is in order, not the least of which is to recognize that we need, first, goals for our urban society.

Second, we need a new agency, a Department of Cities, rather than a Department of Housing and Urban Development, that will emphasize the cities rather than housing; the problems of cities, including housing, but not predominantly housing.

Not the least important revision of our policy entails a recognition that our cities are no longer able to tackle their fiscal problems within their limited environments and the limitations of their taxing jurisdictions.

For example, the Federal Government now has a number of programs that deal with urban problems, but in almost all cases they call upon the city to make contributions, and the city simply can't do it. I think what has to happen is that the Federal Government has to assume responsibility for such primary needs as education. The assumption of education as a function by the cities and States, in my opinion, is a historical accident. I don't think that the cities at the present time can meet their burgeoning social problems, and their environmental problems within the limitations of their fiscal capacity.

Local debt, for instance, since 1946, has gone up almost four times per capita while in a similar period the per capita debt on a national basis has actually gone down by about $300. The Federal Government taxation, up to about 1932, represented about 20 percent of total local, State, and Federal collections. Today it collects more than two-thirds of the total taxes, while the local taxes, which were in excess of 50 percent, up to about 1932, varying with the years, is now down to about 16 percent of Federal, State, and city total.

Now, I am not advocating increases in income tax, but I do think that we are at the point where we really have to think about the disposition of the $25 billion that is now being appropriated for the war effort.

During the last war we did have a committee that was considering how to deal with the major problems of the American society when hostilities ended. As far as I know there is no such consideration being given to the problem today, and yet the most important problem is the urban problem.

I would like to see a main emphasis on the problems of cities because I think that the riots that have occurred in the United States, the decline of educational quality in the cities, the decline of the American urban environment, all are due to the fact we have not given proper consideration to this main problem.

It is an odd thing, but when the American citizen thinks of spending his vacation he looks to the cities of Europe, to London and to Paris, and to Rome, but hardly any of them would ever think of spending their vacations in Buffalo or Schenectady. The fact of the matter is that we are running away from our cities, we are running away from everything. There are 35 million people who are running away from one house to another every year, from one county, city, or State to another. People are running from the cities to the suburbs, they are running abroad because there is no place to run here during their 3-week splurge, and it is very odd, as a matter of fact, that about 16 percent of our housing starts today are mobile: We are running, simply because there is no place to stay.

Now, it is about time, I think, that the administration and Congress gave some attention to this problem because we do have to cope with all of these enormous social problems that have been brought about by the urban revolution which seems not yet to have been recognized by our American leadership.

Chairman BOLLING. Thank you, Mr. Abrams.

Mr. Choate?

STATEMENT OF ROBERT CHOATE, PROGRAM ASSOCIATE, NATIONAL INSTITUTE OF PUBLIC AFFAIRS

Mr. CHOATE. Thank you, Mr. Chairman, it is an honor to appear before you. I hope that this committee will break some new ground in approaching urban problems. I don't completely agree with the gentleman to my right, but certainly as to the mobility——

Mr. ABRAMS. And to your left.

Mr. CHOATE. Wait and see.

[Laughter.]

Mr. CHOATE. I think that I would disagree with the point that there has been a lack of action, a lack of interest on the part of the private sector in urban problems, and in this regard I speak now of the profitmaking corporation, not of the nonprofit corporation, which is also thought of as being in the private sector.

For about the last 7 years, I have been sporadically working with members of the business community in various parts of the United States to try to involve business figures in slum and ghetto issues; the creeping pace of my success leads me to investigate: Why do businessmen really have a disinterest in the social crisis of our cities? This search for businessmen who would involve themselves in social problems led me to take a look at the businessman as he fits in his community, the businessman as he is a product of his schools, the businessman as he is affected by his journalism, the businessman as he seeks advice from management consulting firms, and the businessman as he relates to his national business organizations.

As one looks at these, shall we say, external influences on the businessmen, it is no wonder that he has been somewhat reluctant to get involved in social problems.

I was up in New England yesterday talking with some individuals in several business schools and I was appalled at their reluctance to even consider race, prejudice, or slum economics as part of a businessman's education. When queried they said:

> Yes, we probably have some students here who would like to hear about these things and understand them better, but we certainly don't have any professors who care to spend a lifetime talking about them.

Apparently the business school of today, which is somewhat underendowed, is greatly at the mercy of its industrial clients. The business school is pretty much shaped to feed those firms what they want, and not to explore new ground. The graduate student, the middle management student, the senior executive who goes to these business schools is very unlikely to be exposed to new social theories as he is upgraded in his business knowledge.

I think we all recognize that the majority of our 200 million people stand to gain if we can preserve our current economic system, and we further recognize that the major businesses of our country operate smoothly and profitably only if our economy and our society avoids distress and conflict. Yet in today's street action there are sufficient indications that there is something wrong to warrant a probing look at our economic face.

I am a little bit worried about the power of positive thinking. I have talked to a great many businessmen who only want to talk about the silver lining. They don't want to talk about the negative aspects. This is just like looking at a profit sheet and ignoring the loss columns.

I think our society can be a heck of a lot more honest in figuring out where we are more successful than any other economy around the world and where we are deficient and how do we start to work on these areas of deficiency.

I have tried to stress, in my paper, previously submitted, that we need to weigh our liabilities as we weigh our assets.

While the continuation of our present system seems to be good for the majority, that is not to say we must consider the status quo sacrosanct. Over the century and over the decades the free enterprise system has innovated to bring the greatest amount of power and talents to bear on those problems needing early solution. It is obviously a time for innovation now and I think several of the writers in this document have talked about the need for innovation. I think much of society's innovations can be first tried out while housed in a corporate cloak.

Let me take one small brief example and try to explain how I think we can experiment with social innovation, doing it under the safeguards of a corporate structure.

We have a designated area we would all agree is a slum. Into that slum we bring what we call a community corporation. Existing businesses want to flee the area, the residents are mad at their surroundings and are hostile to local industry. A group of leaders from both business and the neighborhood put their heads together to see if there is a way to joint venture their joint futures, business, and residents together.

They work out a means of upgrading the neighborhood and modernizing the plants. They work out the so-called people programs that must accompany the resurrection of a depressed area. But what are they going to do about income, because that is the only thing that is

really going to keep people on that first rung of the economic ladder, aspiring further.

Can we not somewhere into this milieu experiment with a variation on the negative reimbursing schemes that we hear around the country today? Could one not devise an economic entity which Congress sanctions on an experimental basis, which would permit some of the local residents of a slum to be shareholders in a community corporation? Not only shareholders, but the recipient of dividends which were untaxable up to a certain limit, say $600 or $1,000 per person? Could such dividend come from a preferred stock category which insured that the residents in the vicinity of the community corporation received some guaranteed income in proportion to their contribution to the community corporation?

Could the resident stockholders be guaranteed a special tax-exemption? Could they be paid dividends out of a special corporation tax-exempt fund? Could the first $600 payable to a stockholder anywhere in the area be considered tax exempt?

Another way of saying the same thing is to break the profit sums into two pools: One would not be subject to any Federal or State tax and would be payable to the members of a community corporation as preferred stock dividends. There would be a ceiling on this portion of the profits. The balance of the profits would be considered as in any other corporation. If one could write a law which permitted the first group, the first pool, to pay out to local residents and other stockholders on a tax-exempt basis, the regular stockholders of such a firm would have enough to gain to assure their supporting the company in its social experimentation.

Now, this is certainly just top of the head thinking, but I think it is an example of the types of innovations that we must bring to the social programing field from the business community which will allow us to experiment under a corporation cloak with a better economic system for a deeply depressed area.

I hope that this illustrates the kind of thinking that must enter the economic and legal world if we are to reverse the downward trend of depressed areas.

This committee can urge imaginative thinking. It can call for demonstration legislation to test new social theories under the cloak of corporate reform.

In closing, I would mention that an example of this is already on the books, at least of the Senate, so far. It is S. 1433, the Neighborhood Development Corporation Assistance Act, which I think is a first step in experimenting with social programing under a corporation cloak. Thank you.

Representative BOLLING. Thank you, Mr. Choate.

Mr. Contini?

STATEMENT OF EDGARDO CONTINI, PARTNER, VICTOR GRUEN ASSOCIATES, LOS ANGELES, CALIF.

Mr. CONTINI. Thank you, Mr. Chairman. I am, of course, honored for the opportunity to express my views to your committee. I am also somewhat apprehensive because I find it much easier to tell the Government what to do from my safe home base on the other side of

the continent than at such close range. Nevertheless, I shall try to be bold.

In the paper I stress three points that either directly or indirectly bear on the subject for this hearing.

The first point, the national policy on urban growth, seems to me a prerequisite for a proper evaluation of the role of private enterprise in the urban growth process itself.

Second, evaluation of the relative roles of the private and public sector in the process of growth; and third, a specific suggestion for action in the field of new cities as an answer to some of our problems.

I will summarize briefly and add a few points as they come primarily from the discussion that has preceded.

Now, on the point of growth, it has been made dramatically clear by a number of figures, and figures of speech, that for the next generation we are to expect an extraordinary increase of population growth and correspondingly an extraordinary increase in urban growth: "120 million; doubling of the urban population; build more urban America between now and the end of the century than has been built since the Pilgrims landed," and so forth. I submit that in the face of this phenomenon, which is obviously of national significance, we have, as a country, no growth policy. We simply view growth as an act of God, and this is proper, I think, but we seem to view its distribution and its disposition as also an act of God rather than an act of human wisdom, and it seems to me the guiding of growth is our responsibility, both as professionals at the technical level or at the political level, and I think we have failed in this responsibility.

I want to make a clear distinction that comes primarily from the remarks previously made. I see the urban subject as made of two parts and, true, they are closely interrelated, but they also are distinct. One is the urban crisis, the problem we have inherited; the other is the urban challenge, the problem we have ahead and that derives from growth rather than from the crisis in the city.

I think we ought to address ourselves to both. I think we have to address the problem of crisis both at the public and the private level. I think we have done it hesitantly; we have done it sometimes by hoping that physical solution to the problem of the cities can really bring solution, while truly the problem of the center city is much more one of sociology and economy than one of physical planning.

Conversely, I think that the problem of growth and the alternatives that the challenge of growth poses us are a question of physical planning, a question that should be approached in a spirit of joy and challenge rather than one of crisis and doom and I think that, as we have had national policies whenever we are faced with the problem of farm surplus, whenever we were faced with the problem of a highway transportation system or communications satellites or welfare of the population, we ought to formulate a policy as to where our growth should best be guided rather than letting it continue to agglomerate as it does now, totally around certain major areas of attraction somewhat by extension of Newton's law to urban masses.

I think we have a number of options because even now there are operative forces that do encourage the retention of the present pattern, while we could have alternative inducements that could give richer and more valuable patterns if we felt, and if we should explore the

possibility of such alternatives. I shall return to that somewhat at the conclusion.

On the second point, the role of private enterprise in the public sector, I believe that there has been an incredible subversion of the classical posture of the two aspects in the field of urban development. Generally, the country has had a peculiar genius to balance the private profit motive with the public responsibility in keeping an even keel, but recognizing the exact responsibility of each, private enterprise is to make profit and the public is to preserve the public good.

We have some extraordinary paradoxes in the urban field. FHA for years and years and years has taken the position of a private banker, and must bear a strong share of the responsibility for the urban ills that we have inherited. It has behaved under the philosophy and under the motivation in which private enterprise behaves.

Conversely, in the urban renewal process we are asking the developers not only to take the risk of the physical investment, but the risk of the socioeconomic reform and this is asking too much and this is one of the reasons for a very slow pace of the urban renewal process.

I think if we go to the trouble—and surely we are troubling much of the population by using eminent domain to acquire its property and reassembling it—the least we should do is keep the assembled land as community property rather than selling it back to private enterprise and be forced, another generation from now, to go through the whole cycle all over.

Mainly, we should not ask private enterprise to play a role that it can't. I think we have to have the courage of our convictions and renew our areas on the sponsorship, economic support, and the program that is community motivated rather than private enterprise motivated.

This does not mean, of course, that there is not a role for private enterprising. The building, the managing of it is indeed an area where an extraordinary contribution of inventiveness, of genius can be brought about. This is even more true in the general field of development. We have frustrated private enterprise in the areas where it is best. That is innovation, invention, more efficiency. We have bound it with building ordinances, building codes, union operations, and modes of functioning that have discouraged the increase of efficiency in the field of urban development. I think we get about 30 cents worth on the dollar in a house as compared with what we get in a car.

Conversely, we have failed in the public sector in viewing the fundamental problem of urban growth; namely, the control of land, which must be viewed in the urban context ultimately as a public utility, and let it be as a speculative commodity on the surface. In substance we have made it public by the very devious device of taxing it and forcing the poor speculator to put in the worst kind of development that could come because under the tax burden of the property he was forced to put a temporary use, thus frustrating what may be the best public use.

I think we ought to move forward in viewing the urban culture as demanding a reassessment of certain attitudes toward the private right on land that come historically through our tradition.

On the third point, the new cities, I feel that we have an opportunity for real experimentation, for real demonstration cities if we reassess the

national assets that have been bypassed in our hasty movement westward. I think we have bypassed wide regions that are exceedingly suitable for urban settlement and that would, by virtue of their climate, their recreational opportunity, their general location within the region, lend themselves to the settlement of large metropolitan areas. I think that a pattern of incentive, not greater than incentives that are operative today by default, and a pattern of joint cooperation of the public and private sector, not unlike that that is operative in the field of telecommunications or in travel into space, could make the realization of this alternative possible. This alternative would relieve some of the pressure from the existing cities of excessive growth rate and would allow us real opportunity for real experimentation at a technological level, the sociological level and plainly it would allow our genius to operate unhampered by an attitude of a guilt complex that the existing cities extend to it.

I realize that it may not be the opportune time to make great investment in this, but it seems to me this is the opportune time to invest in drawing the policy. This is not a very great investment, and I think, and I certainly concur with Mr. Abrams, when the time comes when the funds would be available and the readjustment of our resources would be possible that we will know where we want to go.

So, I urge the embarking upon a massive program of evaluation of alternatives and formulation of policy toward growth and toward redistribution of growth so we are ready when the times comes.

Chairman BOLLING. Thank you, Mr. Contini.

Mr. Hartman?

STATEMENT OF CHESTER HARTMAN, PROFESSOR OF URBAN PLANNING, HARVARD-MIT JOINT CENTER FOR URBAN STUDIES

Mr. HARTMAN. Thank you, Mr. Chairman.

I would like to underline a few of the points I made in the paper I prepared for the compendium and add some additional thoughts I have had since that time, which are possibly of a more pessimistic nature than those I set down originally.

The first issue I would like to discuss with you is the question of the costs of a program run by the public sector versus a program run by the private sector.

In the various proposals I have heard and discussions I have engaged in over the last few months about what has been called unleashing the private sector, I find there is, explicit or implicit, an assumption that somehow if the private sector can be convinced to do the job, we are going to wind up with a much less costly program than might otherwise be the case.

In my opinion this is an untrue assumption and a rather dangerous one, because it tends to postpone the realization we all must come to that at this time we have to be spending billions where we are now spending only millions.

It seems that in an age where we can, with incredible facility, spend $5 billion for anti-ballistic-missile systems, several billion dollars on supersonic transports, we still have not been willing to come to the realization that these kinds of billions, billions of Government tax moneys, must be spent in solving our urban problems.

I made some estimates, for the compendium, that just for solving the housing problem alone we would need somewhere in the neighborhood of $7 to $8 billion a year. The financial realities of our urban problems can't be skirted or wished away by some magic wand called the private sector. The realities are such that the gaps in the housing field between the incomes of people who need decent housing and the cost of producing decent housing are very great and they can only be met through a program of Government subsidies.

In the area of economic development and creation of jobs in the ghettos it is quite obvious that the commitment to guarantee profits, the tax credits offered, the reimbursable risks for business corporations that can be convinced to locate in the ghetto are all going to be extremely costly, and we shouldn't pretend there is any magic about a private sector solution.

Second, I have some very deep doubts, based upon my own readings and observations about corporations in the private sector, as to how widespread and how deep and long lasting is going to be the private sector's involvement in the solution of these urgent social problems.

It seems to me it is one thing to persuade a few corporations known to be progressive, a few key executives who are known to be socially responsible, to pioneer in carefully planned experiments, but there are going to be counterpressures from the stockholders and within the organization itself, and I think some of the questions Mr. Choate raised, in his paper, and here, about the internal attitudes of corporations are very relevant here. I don't think you are going to find a mass movement within the corporations themselves toward an altruistic sense of helping out with social problems.

There is also the question of a possible competitive disadvantage that corporations which are willing to put their resources, manpower, and managerial skills into this field of urban problems may find themselves in, vis-a-vis other corporations in the same field who are not willing to risk similar resources in these experiments.

There is the question of corporate image, too. How long will a corporation be willing to get involved in what is essentially a minor part of its operations which can very severely damage its own corporate image through difficulties which may arise in the process of social experiments? We have had instances, in New York, of insurance companies which have been very reluctant to get involved sponsoring housing developments, following their experience in the 1940's and 1950's when these companies found themselves in the position of landlords having to impose rent increases on their tenants; they feared their main business—insurance—would suffer because of this.

In short, my reading of the nature of the corporate beast leads me to believe that its own goals, motivations, and inner dynamics are not consonant with its playing a major role in the solution of social problems.

The third, and last, issue I would like to raise with you is the question of control. I think if we are at all sensitive to the demands coming out of the ghetto right now, possibly the principal issue, if there can be called one single issue that stands out, is the demand of the ghetto residents to control their own institutions, the economic and political forces that shape the community.

On the other hand, the primary feature of the American corporation is its concern with power and control, extremely centralized control to

shape a corporate environment conducive to maximizing the profits and competitive position of the corporation. There is bound to be a clash here. That large corporations will include in their decisionmaking processes members of the ghetto community seems to me highly unlikely. And, it seems highly unlikely that they will be sympathetic with many of the key demands of the ghetto. They won't be able to communicate effectively with the people in the ghetto community. Similarly, the imposition into the ghetto of a powerful outside force with its own demands and agenda is going to lead to a great deal of resentment; may lead to very destructive behavior, and is not likely to produce an atmosphere of success. Therefore, I think one of the major issues we have to discuss is the question of who controls what in the ghetto; from this vantage point, at least, suggestions to bring private corporate enterprise into the ghetto seem to run counter to the major thoughts and trends within the ghetto itself.

Thank you.

Chairman BOLLING. Thank you, Mr. Hartman.

Mr. Slayton?

STATEMENT OF WILLIAM SLAYTON, EXECUTIVE DIRECTOR, URBAN AMERICA, INC., WASHINGTON, D.C.

Mr. SLAYTON. Mr. Chairman, I am really delighted that the subcommittee is looking at the urban question, because I feel that this subcommittee, in its particular position, can bring some light on the urban situation and perhaps devise or propose a policy which is very desperately needed. I feel that at this time such a policy has to come from the Congress.

In starting this discussion, I would like to point out that it is interesting that no one seems to have much confidence that we can really lick the urban problem. We have a different attitude when we look at urban questions from the attitude we have when we look at the space programs, for example. We have absolutely no doubts but that we shall be able to land a man on the moon. But no one really seems to feel that we shall solve our urban problems and make our cities really good places in which to live.

I think we ought to turn this around and start with the assumption we can. We have the resources; we have the brains; and we really ought to have the confidence that we can do this job.

I think that several of our problems stem from the antiquated mechanisms that we now use to deal with the urban issues. We have the antiquated mechanism of local government, which is really not geared up to do the kind of job it should do within cities. It is really an organization of the past which is concerned primarily with housekeeping functions rather than with positive programs to get at the urban questions.

Also, in the field of urban affairs we have no automatic research and development program that comes about automatically in the process of trying to solve our problems.

We have this kind of a mechanism in the space program and in defense contracts. It is part of the system. Money is constantly being put into research and development that would ordinarily not be put in. And we have practically no money going into the field of research and development on urban questions.

I think sometimes we get confused when we look at the urban questions and we begin to mix the issues up. There are several major issues, of course, but I think you can begin to sort them out into two basic issues; one being the economic and poverty and discrimination questions, and the others having to do very heavily with development.

I think that it is foolish to assume that we can solve the problems of the cities unless we look at the basic economic questions of family income, the opportunity for employment for people who want jobs, and the possibility of people having an adequate income when they are unable to work. Unless we have some recognition that there has to be some minimum level of income for everybody in the United States, I don't think we are really going to solve our urban problems; and I think today this is a position, an attitude that we ought to accept as a basic policy of the Government of the United States.

When it comes to the involvement of private business, I think that here again we confuse the role that private enterprise can play in the cities. We cannot expect a private corporation to undertake social objectives when their basic purpose is to make a profit.

At the same time, I think that the economic incentive of the private enterprise system is a major force in accomplishing what one wants to have accomplished.

I don't think that we can establish bureaucracies and public programs to the extent to get the job done—the massive job that has to be done. I think we have to devise systems and mechanisms that are going to bring private enterprise in on a self-interest basis in order to carry out the basic social objectives and the social purposes.

I would like to talk about a couple of approaches that I would like to see get underway in some cities in the United States. No city in the United States or no metropolitan area has really examined the development of the metropolitan area—redevelopment and new development—and devised a development plan with the tools to implement it so that the metropolitan area can develop as the citizens wish it to be developed. I think that if we were to undertake—and I hope in urban America we can persuade some cities to do this—I think if we were to undertake a very sophisticated development plan analyzing what it would cost to provide the best school system, the best park system, the best transportation system, and so forth, and then work this out in terms of cash flow, investment, return on investment, taxes, economic development and this sort of thing, that we would have something that the city could follow in developing itself into a really viable place. And I think that the ledger would indicate that it would be possible to do this economically. It might cost a good deal in terms of initial investment, but in the long term it would really pay out.

In New York City, Mayor Lindsay had a task force on urban design. They issued a report called "Our Threatened City." In that report they analyzed the amount of money that is spent in New York City on physical development. It amounts to about $1½ billion a year. The city of New York itself spends or controls the spending through urban renewal housing and Michal Lama housing, 56 percent of that $1½ billion. The point I am making here is that a city has a great deal of leverage in controlling its development if it but uses its own expenditures and the expenditures it controls to provide the kind of city that it wants.

A city can do a great deal more than it is now doing to shape itself properly.

Finally, I would like to reemphasize what Mr. Contini said about an urbanization policy or a lack of an urbanization policy in the United States. It seems incredible to me that knowing we are going to have a massive population increase that we have taken no action to see that this population will be channeled to places other than our existing large metropolitan areas. I think that we shall have metropolitan areas of a size that are unmanageable, that do not provide decent living environments for the people who have to live there, and that we could have, without a great deal of difficulty, an urbanization policy that would encourage the establishment of new cities, that would provide economic incentives for industry to locate in such areas, that would take the smaller towns of the United States and expand them into larger areas. I think that this could be possible, and I think that now is the time, as Mr. Contini said, for us to be thinking of a national urbanization policy and what we want to do with the rapid expansion of our urban population.

Thank you.

Chairman BOLLING. Thank you, Mr. Slayton.

Because of the fact that the Senate is in session and I know Senator Percy is under some pressure to be in two or three places at once, I will recognize Senator Percy first.

Senator PERCY. Thank you, Mr. Chairman, very much indeed.

The statement was made earlier in our hearings that if the Congress did appropriate $25 billion for the cities we wouldn't know how to spend it. We just don't know enough about the cities. Would any of you care to comment on that? Do you have a clear enough picture of the things that need to be done?

Dr. Abrams?

Mr. ABRAMS. Well, I don't think it should go altogether into housing. I think housing is only one aspect of the problem, and what I would do is assume some of the fiscal responsibilities which cities can no longer carry.

Now, I think that one of the fundamental mistakes that is being made in our programing is to assume that rebuilding cities will make them healthy. That will help. But even if you had the most perfect physical environment, you would still have many of the problems that are presently inherent in cities unless you made them fiscally sound. A Boston that is the best place in which to live would still be an unsound Boston with an 11-percent tax rate. So, that, I think that physical development and fiscal development must go together.

Mr. CHOATE. If I may respond to that, I think some of this $25 billion can well be spent in rural areas; slowing down the migrants to our major cities. I have spent a considerable amount of time in the last 120 days looking at our commodity and food stamp programs particularly as they are working in rural areas, and I find an appalling number of poor people are not touched by them. It would seem to me that if most of our rural programs are being as ineffective as the commodity and food stamp programs that we are driving people to the cities. So I suspect that, although I can think of many ways to spend the money on skyscrapers, on highways, and on smog pollution and its control, I also think that there is no reason why we need to be locked into having huge population masses on the two coasts with today's transportation abilities, and water transportation abilities.

Mr. ABRAMS. I differ with that. I think this is a fundamental mistake. We are now spending about $6 to $7 billion a year for agricultural purposes, including agricultural subsidies, when about 6 percent of the population is involved. At the same time, if you look at the budget, all that is spent for community improvement in cities for housing and all the other incidentals is $400 million more or less, and I think that maybe we can get somewhere, perhaps, if we turn the problems of cities over to the Department of Agriculture. I am not kidding about it, because the fact of the matter is that you have the funds in the Department of Agriculture and there is a real reason for having the Department of Agriculture in charge of cities; 80 percent of the new housing is being built on rural land. We are concerned with open space. I find that the Department of Agriculture knows more about rats than almost any other department, and Congress seems to be concerned about that, and if what some of the experts are saying; namely, that grass is going to grow on the city streets, certainly it comes within the jurisdiction of the Department of Agriculture.

Chairman BOLLING. If I may interrupt. I will be sure to send that part of the transcript to my friend, Freeman. [Laughter.]

Mr. CONTINI. Senator Percy, at the risk of sounding absurd, I will answer your question by saying I would not know what to do with the $25 billion except putting it in the banks for 2 years and take $25 million out of that and commission a task force consisting of an educational institution of learning, systems organization, and Government, and spend 2 years preparing alternative programs, testing for relative benefits, and then get the $25 billion, which by that time will have paid more than the $25 million interest, and go to work, knowing what we are going to do. Here is one witness who would not know what to do with $25 billion in an intelligent manner right now.

Senator PERCY. Isn't it incredible that the best we can do is set up another study project at this stage?

Mr. CONTINI. No; it is not incredible, because we have never done it. When we started wanting to go to the moon the first thing we did was explore a number of alternatives on how to get there before we started putting the pencil down and working. Then once we had explored the alternatives and established policy, which at that time was a technological policy rather than governmental policy, then we got going.

Senator PERCY. I am looking at some figures that our staff economist, Don Webster, just obtained for me on unemployment in St. Louis. The last figures that were taken in the North Side, the Negro section, show total unemployment at 12.9 percent. But, among teenagers 16 to 19 years old, unemployment was 40 percent. I am going downstairs to vote yes or no on a $1.8 billion bill for jobs, followed by the Clark $2.8 billion bill, a little later this morning. These are the kind of decisions we have to decide now, too, not just physical facilities, but human investment. How can you have life in a city when you have 13 percent of the population—the Negro population—in one major city unemployed?

Mr. CONTINI. All I claim is that that does not come out of these $25 billion that you talked about. Certainly this has to be done, but that is not the urban problem in the physical sense, that is the urban problem in the sociological sense and that, I think, is above and beyond the issues of physical——

Senator PERCY. But aren't they all part of the same?

Mr. CONTINI. Of course.

Senator PERCY. You are not just building physical facilities, a company isn't just bricks and mortar, it is people; and our decisions always have to be balanced.

Chairman BOLLING. I think Mr. Slayton would like to get into this.

Mr. SLAYTON. Senator Percy, I couldn't give you a prescription for the $25 billion, but I think a good deal of it could be spent and I don't think we ought to think of it just in physical terms. I think your point on unemployment is extremely important. I think, in the field of education assistance, in the field of welfare and income maintenance—this sort of thing—there is a great need for money. Also, there is a great need for specific physical facilities—new schools, for example. All you have to do is look at the schools in Washington, D.C., to realize we really need new schools. We also need smaller classes, more teachers, et cetera. There is a great need for money in a wide variety of things.

If we were to have a program that would help subsidize a mass transit system I think we would begin to get some mass transit and rapid transit in cities that do not now have it. There are a whole variety of things on which money can be spent and on which we do know something about, but this doesn't mean to say there isn't more we need to learn. There is a great deal more we need to learn.

Senator PERCY. Thank you.

I will try to get back.

Chairman BOLLING. Thank you.

Congressman Reuss?

Representative REUSS. Thank you, Mr. Chairman.

On this field of participation by private enterprise, did you five gentlemen study carefully the administration's announcement, the other day, about the life insurance companies that are going to put a billion dollars into slum areas? I studied it as carefully as I could without getting much light as to what was really supposed to happen. As far as I can see, they were going to take advantage of market interest rate, 221(d)(3)'s, with some rent supplements which would mean a lot of middle-income housing with maybe 30 percent of that for lower income people on a rent supplement basis. Mr. Abrams, perhaps you can tell me.

Mr. ABRAMS. Well, having announced their interest—and I think that is quite important—I think they are now trying to find the formula. There is no formula, at 6 percent, to reach into the slums and take care of the needs of the lower income group. If, for instance, the entrepreneur were to make only 6 percent, but the interest rate were to be 3 percent, I think you can reach the higher levels of the lower income group.

Proper legislation is needed to utilize those funds. For example, right now the Federal Government is making loans under 221(d)(3) at about 3 percent. If the insurance companies, which are willing to lend at 6 percent, provided they get FHA insurance, were to get an interest subsidy of 3 percent, then you would achieve practically the same thing that you do under 221(d)(3). Some of the 3-percent subsidy could be recaptured through income tax; I think you probably would also get more efficiency if you did get the interest of some of the entrepreneurs that could use the mortgage funds made available

through the life insurance company, but I believe that what is more important than anything else is that the Federal Housing Administration be revamped. I don't think it is oriented at the present time to deal with or to insure insurance companies or anybody else in slum areas. The FHA, I might say, was one of the open and notorious discriminators against Negroes from 1935 to 1949. If you read the FHA manuals you would think they were culled out of the Nurenburg laws.

The objectionable matter has now been excised.

Representative REUSS. Partially excised.

Mr. ABRAMS. Well, it is excised. But what actually has happened is that FHA has substituted business discrimination for racial discrimination with the result exactly the same. They simply do not go into slum areas which have now become Negro areas.

I found this in a study I made in Philadelphia, for the city of Philadelphia. In that city, I found that due to the exodus of white families, you can buy small homes in move-in condition at anywhere from $2,000 to $5,000 each. It doesn't need a subsidy, all it needs is a 5½- or a 6-percent loan to make it possible for a low-income Negro to buy that home. But, what is actually happening is that professional entrepreneurs are going in and buying those houses at $2,000 or $3,000, reselling them at twice the price and taking back a mortgage which is then discountable at 25 or 30 percent. The same thing is happening in Chicago, where you have the lease-purchase arrangements, and it is happening virtually all over the country, due to the fact there is a lack of a mortgage market in the United States, and, due to the unwillingness of FHA to insure mortgages for the poor, particularly the Negro in America who is being exploited.

It is about time that the Federal agencies realized that in homeownership they also have a social function to fulfill. I don't think that any extraordinary losses would be taken if FHA would insure in these areas, and it is my opinion that in some of these places, due to the exodus of the white population—in places like St. Louis, Baltimore, Philadelphia, and some other cities, not New York or San Francisco, but in many other cities of the United States—homeownership can still be made possible at a 6-percent rate.

This is not the complete answer to the problem. But it is a partial answer, if only FHA will insure.

Representative WIDNALL. Will the gentlemen yield for one comment?

Representative REUSS. Surely.

Representative WIDNALL. I will yield to you later on.

Do you realize that a great deal of what was taking place with FHA was a decision of the Housing and Home Finance Agency that didn't want any FHA money going into urban renewal areas and they wanted to force certain things in certain areas and they have only recently changed their policy?

Mr. ABRAMS. I checked into that, but I found one other reason, Mr. Widnall. The story that I was told by a very high official of HUD was that FHA was responding to the pressures of the congressional committee which did not wish FHA to involve itself in social operations.

Representative WIDNALL. That is news to me.

Representative REUSS. It is somewhat news to me.

Representative MOORHEAD. Would the gentleman yield to me?

Representative REUSS. Yes, I will be glad to.

Representative MOORHEAD. I serve on a housing committee with the gentleman from Wisconsin and the gentleman from New Jersey, and it seems to me we were always putting pressure on FHA to go into these areas. I don't know if it is a different committee to which you are referring.

Representative REUSS. Get rid of the economic soundness ploy was what, at least, Mr. Moorhead and Mr. Widnall and I were telling FHA. So, I will see you later and find out who at HUD told you it was our fault.

Mr. ABRAMS. I will be glad to tell you, off the record.

Chairman BOLLING. The gentleman seems to forget this is a bicameral legislature.

Representative REUSS. Before I turn to Mr. Slayton, I just wanted to summarize what I thought our dialog was. You were saying, were you not, that while you applaud the general principle of the insurance companies' willingness to put a billion dollars into slum areas, you thought the chances of their doing that more meaningfully, in terms of decent housing for lower income people, would be greatly enhanced if the Congress revamped our fundamental housing laws so that there were some method whereby the Federal Government could pay an interest rate subsidy, the difference between, say, 6 percent and 3 percent. Would you approve of the bill introduced by Mr. Moorhead and myself and others, which, in order to reach the really lowest income group with decent homeownership policies, would allow the interest rate to be reduced below 3 percent?

Mr. ABRAMS. Oh, yes. I certainly would go along with that.

Representative REUSS. Down to—hold your breath—zero interest rate?

Mr. ABRAMS. If necessary.

Representative REUSS. We are playing with negative interest rates.

Mr. ABRAMS. I think it is important. I think you might have to go below it. You might even have to have a subsidy additional to interest to reach the lowest income. But it would depend on the city.

For instance, in some cities you would have to go below zero. In some cities you would not need a subsidy at all, but could achieve ownership at 6 percent. I would say you could achieve it in Philadelphia today at 6 percent, without any subsidy, and at 3 percent, you could achieve homeownership at the relief level. I made a thorough study of Philadelphia, some 70,000 words of report for the city and I have come to that conclusion in that city.

Representative REUSS. I am glad to have your thought that in order to have something into which the insurance companies' billion dollars can sink its teeth, you need a more rational system of Federal housing aids.

Mr. Slayton?

Mr. SLAYTON. A couple of comments. First, Mr. Abrams, I think we ought to give FHA some due for two recent actions which are applicable to the questions which have been raised here about insuring in slum areas. One, FHA has had a policy of drawing what I call a cordon sanitaire around the central portions of cities and saying they will not insure there, and urban renewal and the special FHA legisla-

tion in urban renewal areas was designed to get FHA insurance into these areas.

Now, just recently, FHA—HUD—has announced a policy of insuring in slum areas based upon the quality of the house not upon the character of the area. They have also announced a policy of housing counseling service programs for poor families to work out, if possible, a way in which they can buy a house, own a house with FHA mortgage insurance. I think these are major steps and I think all of us will be waiting, Charlie, to see how it's administered. But this is a major breakthrough, a complete reversal of the policy that FHA has had to date.

Let me just continue a second.

Representative REUSS. You can counsel from hell to breakfast on how somebody is supposed to get a decent home at what looks like a 6-percent interest rate which with the discount is 9 percent or something like that, and he still can't make it.

Mr. SLAYTON. No; but, the point here is: FHA insurance would be provided so the mortgage would be a standard FHA mortgage and the true value of the house rather than an inflated mortgage that would be discounted. It is the FHA insurance that brings this down to the actual value of the house. But it doesn't help the family who can't afford to pay 6 percent, and I think that the kind of mechanism that you have been discussing, or Charlie Abrams was discussing, the variable interest rate, is one of the most imaginative and best approaches to meeting this problem.

I also ought to point out this was proposed by the National Housing Conference a great many years ago, as Charlie will tell you.

Now, the insurance companies, I would hope, would be able to invest in the slum areas without the FHA insurance. The importance, I think, is for the insurance companies to demonstrate that this billion dollars is going to be a somewhat risky investment in that they are going to provide mortgages in slum areas or support new buildings in slum areas because they think this is the thing to do. I would hope they wouldn't just rely on FHA mortgages to go into slum areas.

Mr. ABRAMS. Let me raise just one other question. Around 1958, when I was a member of Governor Harriman's cabinet, we got all the insurance companies and savings banks in New York State to agree to organize into a Mortgage Facilities Corp. which would make loans in slum areas up to 80 percent, and we passed the legislation.

One of the troubles there was that these mortgages were not FHA insured. I believe that if they were that a corporation such as this could be formed in most States, that is where the insurance companies and the savings banks would combine into a company that would actually be formed for the purpose of making loans in slum areas, and secure the know-how in the event of special problems to deal with it. One of the problems that they are facing in New York is that in the event of foreclosure the mortgagee assumes personal liability for violations, which can even involve them in manslaughter charges in the event that someone is burned to death. So that you have to have a mechanism under which in the event of foreclosure, they can be relieved of the responsibility of ownership within these slum areas. And if FHA takes it over and then makes the repair, I think this would work.

Moreover, if you have interest subsidies to private enterprise you keep away from the enormous debt complications of having direct Federal loans which, in my opinion, at 3 percent can't be carried too far except on an experimental basis. So that there is an advantage in having these loans made by private enterprise and subsidized.

For example, if you subsidize to the extent of 3 percent on a billion dollar loan, the charge on the budget would only be about $30 million a year, and most of that, a lot of that, would be recouped in income taxes through the construction program and also through the receipt of interest by the insurance companies.

Representative REUSS. Does anybody agree with me that in the current state of the art, one wonderful immediate way in which private enterprise could be brought into our slums is by a radically revised program of Federal housing stimulus to slum rebuilding, and then let private enterprise, making a full competitive profit, come in and do the building? The main trouble is that there just isn't enough building of low-cost homes and building of slum replacement homes in this country. I should think that just as the contractors of this country show great ingenuity at building marvelous things for the space agency, if we otherwise gave the financial incentives toward slum rebuilding that they would be in there with new technology in a big way, and making a profit out of it, and not having to apologize to their stockholders for their charitable intention.

Mr. SLAYTON. What kind of incentives do you have in mind, Congressman Reuss?

Representative REUSS. Well, if, for example, the Congress adopted the housing program of the National Housing Conference—to use an example that you and Mr. Abrams are certainly very familiar with—and decided that as a goal of national policy from here on out we were going to build half a million low income decent homes a year for the next 20 years and in effect guaranteed that market by down to zero interest rates, seed money for co-ops and nonprofits, whatever urban American, the National Housing Conference has on its mind there, if we did that, and if at the same time there were some stimulus toward technological breakthroughs and an attack on archaic building and health codes and so on, wouldn't you find private enterprise charging right in and developing ways of onsite construction and new housing techniques?

Mr. CONTINI. Not that way.

Representative REUSS. Wouldn't competition come into play? One trouble with the low-income housing market now is there is no demand for it.

Mr. CONTINI. I think you would, if, however, you took a different position. If you were in a position today to contract for the building of, let's say, 20,000 housing units each year for 4 years and had competitive bidding for this, contracting on the basis of performance specifications, you will have industry really, on the strength of the total contract, look toward new ways to build.

Representative REUSS. Yes. You get the aerospace and a lot of new people in it.

Mr. CONTINI. Right. But, if the only incentive created is the opening of the market through the easing of financing you are still facing a fragmented building industry. You will have a contractor in Baltimore, a contractor in Philadelphia, and a contractor in St. Louis, and

none of them will have enough bulk or volume to warrant the research that could really warrant changing the cost of building.

Looking from the outside, while certainly the concept of making money at lower interest available as an incentive is laudable, and you can't have a quarrel with it, if you look at the objective and you look at the way in which we go about it, it is strange indeed. The objective is to have poor people have housing, so, what we do, is call in the insurance companies to give money at 6-percent rate, which isn't too bad, especially if guaranteed by FHA; then we ask the Government to make a subsidy on the interest. Government might as well borrow the money directly, and then go ahead and take the initiative to build the housing and give it as a single contract. After you have had the money at 6 percent guaranteed through FHA, subsidized by 3 percent, you then go and ask private enterprise to take the risk of building it and running it, somewhat on a nonprogram basis. I am afraid——

Representative REUSS. That isn't what I suggested, though. I didn't suggest that we ask private industry to do the eleemosynary part of this, because I don't see why private industry should. But, if you put adequate Federal seed money into nonprofits, co-ops, give them technical assistance, build up local housing authorities so they can do it if the local churches, unions, and other groups didn't, and had a national policy of 500,000 low-income housing units a year, then it seems to me——

Mr. CONTINI. Oh, yes.

Representative REUSS (continuing). Your big companies will say, "Well, here is the best guaranteed market in history, and we are going to go after it." What is wrong with that?

Mr. CONTINI. Nothing. If it can be brought on that scale so that the commitment could be for a single order spread over a number of years, and of enough magnitude, then it really could be specific.

Mr. ABRAMS. I am not sure the magnitude is important. Most builders are small builders.

Mr. CONTINI. That is the trouble.

Mr. ABRAMS. When they become large builders, I don't think they demonstrate efficiency nor have I much faith in innovation. If you take the comparative costs in Philadelphia, I found that the housing authority, for instance, built two-bedroom multiple dwelling units at $20,500 each. The last estimate was $24,000. A private entrepreneur builds a rowhouse, two-story, three-bedroom at $12,000, and I think that generally you will find that the private entrepreneur can do better than the housing authority which has a big management charge and which has to go through a great deal more "beadledom" than the private entrepreneur.

Representative REUSS. That is why I say let's not use public housing authorities any more than we have to because the record everywhere, not just in Philadelphia, shows that redtape and the dead hand just adds unnecessarily to the costs.

Mr. ABRAMS. No; I wouldn't say that. I would say that the housing authority should be used, but that the private entrepreneur should develop the project on a takeout business, on a turnkey basis.

Representative REUSS. I'll stipulate to that.

Mr. ABRAMS. Yes.

Mr. HARTMAN. Mr. Reuss, I agree with your general proposal and it parallels a specific scheme I presented in my paper.

The great worry I have is that, whereas public landlords have not been particularly good landlords, I think the charge is equally true of private landlords, too. I am very worried that a system like this will not take adequate care of a vast number of low-income families, the so-called problem family category, because no private landlord seems to want to take in the broken family, the large family, the nonwhite family, the family receiving welfare. In any program that is developed along these lines we have to have adequate controls to make sure that whoever develops this housing is going to make it available to families who need it most and not just skim the cream off the top of the low-income population; which is what is now happening.

Representative REUSS. Of course, this goal you speak of; namely, not segregating all the problem families in one structure and then all the nonproblem families somewhere else, this goal is at least partially achieved if you use the interest rate subsidy, including the down-to-zero, interest-rate-subsidy approach, because there you provide an incentive to integrate the problem families and the nonproblem families. One trouble with our present 221(d)(3) structure is that it tends to draw all the more promising families out of public housing and leave the problems in public housing. So, that, I should think, by attacking it on the interest rate side which, incidentally, is a good American way to do it—we are all populists, we are all in favor of low interest rates—would, to the maximum possible extent, meet your problem. You might have to supplement that by doing something in addition.

Mr. HARTMAN. Well, what it does is it provides the financial mechanism which makes this mix possible. You still have the very practical question of what happens when the family, the broken family with six children, living on welfare, comes and says "I want one of these $40-a-month apartments," supplemented with a zero interest rate and rent subsidy. The landlord isn't going to rent to that family.

Mr. ABRAMS. What I am afraid of is the housing authority may not take it in either.

Mr. HARTMAN. Right. That is a problem that exists with the public landlord as well.

Representative REUSS. Then it probably needs to be supplemented with something more imaginative—what I think Mr. Widnall put in our present housing laws, although it isn't used much—the ability to buy and rehabilitate existing housing by a public housing authority.

Representative WIDNALL. That is right.

Representative REUSS. For families of this nature. Heaven knows, there are a lot of them.

Mr. ABRAMS. I think it is important to have a variety of landlords. I think it would be dangerous to have solely a public housing landlord with a dossier on each family, and I think it shouldn't be left entirely to private enterprise. It should have 221(d)(3), nonprofit, and profit, so that a family that is rejected, whether by the public housing authority or by the cooperative or by the 221(d)(3) corporation, should have some access to a roof over its head. I think withholding the truth from a landlord whether it be a public landlord or a private landlord is a civil right.

Representative REUSS. Thank you.

Chairman BOLLING. Congressman Moorhead?

Representative MOORHEAD. Thank you, Mr. Chairman.

All of the talk has been about cities today. I wonder if the problem shouldn't be more defined in the term of metropolitan areas. Mr. Slayton mentioned the fact of antiquated local government. I wonder if the problems aren't across city boundaries, and if we don't need to have a new look at how local government should be organized. Can you comment on that, Mr. Slayton?

Mr. SLAYTON. Yes, Mr. Moorhead.

I think that it is possible to set up some form of metropolitan governmental organization that can deal with the problems of metropolitan scale without, at the same time, eliminating the existing political entities. In fact, I think it is important to maintain a good many of the existing political identities so that there is—continues to be—a relatively close relationship between the citizen and his local government.

One of the problems in the increasing scale of metropolitan areas and the increasing scale of government is that the government does become considerably removed from the citizen.

Now, the areas of metropolitan scale are basically development, the development of a transportation system, the development of a utility system, the water, sewer, gas, electricity, and so forth, the control of major land uses, location of major industrial parks, the control of open space, because, by the acquisition of open-space land you begin to shape the development pattern of the metropolitan area; the control and development of the water areas in the metropolitan areas; the riverfronts and the lakefronts—these are the kinds of things to which a metropolitan governmental organization could address itself and which are metropolitan in scale and beyond the scope of individual political jurisdictions.

A good many of our problems come from the inability to deal with these things on a metropolitan scale; or where they are dealt with as one function, like a highway plan—the State highway engineers design urban expressways through metropolitan areas, without much relation to what else is going to be developed in that area. Or, to put it another way, the transportation system is not used as a positive tool to develop the area.

I think that you can set up such metropolitan governmental organizations and still maintain a kind of local governmental relationship we now have between the citizen and his local government.

Representative MOORHEAD. I want to hear from you, Mr. Hartman, but I think this leads into the next idea that I want to have the panel discuss, which is that we have concentrated a great deal on housing, which is terribly important, but housing is not the only fault of our cities. I think we should start talking about lakefronts and riverfronts and recreation itself, something more than the physical, more than mass transit, more than housing, and I wonder if any of you have any thoughts along this line and would have any thoughts after Mr. Hartman comments?

Mr. HARTMAN. I would like to respond to your first question.

Representative MOORHEAD. All right.

Mr. HARTMAN. I think everyone on the panel would agree we are talking about metropolitan and not just single city issues here. One

of the major problems is this, as you have described it: that the bureaucratic structure, the administrative structure, is not able to cope with metropolitan problems; it is not able to cross municipal boundaries. To take the case of the housing authorities, for example, the agency charged most directly with the provision of decent housing, there are some 2,000 of them in the country now, and in any single metropolitan area you may have 10, 20, 30, or 40 housing authorities operating, I think it is going to be very difficult, if not impossible to break up this strong set of vested interests in local housing authorities and get a metropolitan housing authority.

One of the advantages, it seems to me, in relying somewhat more on the private sector is that the private builder is much freer to operate on a metropolitan basis than is true of a local authority, partially because he has the general economic freedom to go from city to city and build, and partially because the political issues that get raised by the location of housing for low-income families, the political problems that come up with site location simply don't get raised to the same level of visibility.

Representative MOORHEAD. It seems to me the division of the metropolitan area into smaller governmental units also tends to promote ghettoization in the central core city, and this is one of our problems.

Mr. SLAYTON. So long as you have mechanisms which make it possible for the suburban community to reject Negro families and poor families—mechanisms like that written into your existing housing legislation when you require a workable program for rent supplement or 221(d)(3)—it means that the local government, by not having a workable program—and which doesn't really need a workable program particularly because it doesn't need much of the goodies that come from having a workable program—can, by just not having it, preclude such housing from coming in.

We really ought to try to break down those mechanisms that exclude Negro families and poor families from peripheral areas.

Mr. ABRAMS. I would certainly go along with that, because a little hamlet has the right to exclude people from the whole metropolis, and I believe it is time that zoning became a State function rather than a local function. At least the State should set up mechanisms for revision or for review of local ordinances and I think the Federal Government can bring this about by conditioning their grants for regional programs upon State-supervised zoning.

Representative MOORHEAD. That is very interesting. I served in a local public housing authority board back home in a county where we had 128 separate municipal governments, and the only ones that would permit us to have public housing were those where there was already overcrowding, yet, right next door there was plenty of space, lower-cost land, which we couldn't utilize for our housing.

Mr. CONTINI. I think the issue we raise is really one of the key ones, and one on which there must be most consensus, that one of the best ways to resolve the problems of the central area is opening up alternatives to the central area. I mentioned, before, the dramatic alternative of the new city, that is one for the long range, but certainly the opening up of low-income housing, in the areas that are noncentral, would greatly relieve the pressure.

Representative MOORHEAD. Noncentral, but immediately adjacent to, yes, closer to where the employment is likely to be anyway. In fact, I wonder whether or not the provision of the low-cost financing that we are talking about, the subsidized financing, could not have certain strings attached that would make it more effective in the nonslum area, so that it will not create a recrystalization of a pattern that already exists.

Representative REUSS. Would the gentleman yield at that point? Would you gentlemen approve of a provision in the bill that Mr. Moorhead and I and some others are sponsoring which provides, after a certain point, no more Federal grants-in-aid, open space, community facilities, et cetera, et cetera, unless that community, by its zoning and similar regulations, permits a certain amount of low-income housing?

Mr. CONTINI. I think it will go a certain way, but not the whole way because there are still so many different communities that some may not be hurt by it and some may. I really feel one area in which the Federal Government has been extremely effective in your direction—and that is to induce voluntary incorporation of local government into a regional operation such as in the Bay area in San Francisco and in southern California, and elsewhere in the East, through the incentives that come from denying funds—could be expanded, and I would rather see the function of the allocation of the low-cost housing not community by community, but at a regional level so that the group of communities will have to agree as to where the low-cost housing should be best located in relation to the regional location of employment opportunities and other opportunities and in relation to a transportation system that may be conceived of on a regional basis. In other words, make this voluntary associations of governments which are beginning to take form—on a more desirable form than regional government—become more and more effective in solving problems, and one of the problems could be very much the one of spreading the low-cost housing within the region as a whole. I don't know the instrument, but I think your objectives are clear.

Representative REUSS. In other words, if I might interrupt for just a moment more, you would say, after a certain point, no Federal aid to communities in a metropolitan area unless they form a metropolitan council of governments and unless that metropolitan council of government provides, on a regional basis, adequate low- and moderate-income housing opportunities?

Mr. CONTINI. Right. I feel very strongly that would be the long term best direction.

Representative MOORHEAD. I would like to return to a subject that was mentioned earlier and that is the change of policy of the FHA, that they are no longer rigidly following the cordon sanitaire, and are willing to or have announced a policy that they are willing to insure mortgages in doubtful neighborhoods. However, I also know that the policy says that they will look not just to the neighborhood, but to the character of the borrower, and frankly, gentlemen, this still concerns me and I want to watch how the policy is implemented. I hope all of you will watch to see if the policy is really implemented or whether we will have to restructure something new in HUD, let's say, more like the World Bank, where we would have a soft window either in FHA or in a separate department that isn't so

concerned with being sure they have no losses. I see Mr. Abrams nodding; maybe he can comment.

Mr. ABRAMS. Well, I have fought FHA for years so I know; I am very cynical about it. There is a big gap between the statement writers and the underwriters.

If you look at the figures, you will find that in 1950, 43 percent of FHA insurance was made on homes where there were families with incomes of $4,000 or less.

By 1966 that sank to 1.3 percent.

You might say that that was affected by income levels. But the fact is, that in a great number of cities, particularly in Negro areas, the price of homes fell. So, the inference I draw from that is from 1950 to 1966, FHA actually withdrew from insuring homes for lower income families.

Representative MOORHEAD. Thank you.

Gentlemen, earlier, a bit of concern, or lack of hope, for the use of the free enterprise system in solving some of these problems was expressed.

Again reverting to my home area, we have had quite a bit of cooperation from the private sector, through an institution, I know that Mr. Slayton is familiar with, called Action Housing, and a good bit of the cooperation, and I applaud it entirely, but it has been exclusively eleemosynary, I think, though the Aluminum Corp. of America is interested in redeveloping part of our city, I am quite convinced that they plan to sell a lot of aluminum and make a profit not only directly in the housing, but in fields in which they are interested. I think that Pittsburgh Plate Glass is interested in selling glass and paint. Can't we adapt, somehow get these corporations that are big enough to do the job that Mr. Contini is talking about, and have a profit motive out of, beyond merely being a landlord, can't we harness that in some way?

Mr. SLAYTON. Mr. Moorhead——

Representative MOORHEAD. Yes.

Mr. SLAYTON (continuing). I think the difficulty is to find the proper mechanism to transmit the profitmaking interest of a corporation to get at some of our urban questions. I don't think there is much question but that a private industry will invest if they have incentives for investments, that we will get areas redeveloped by private builders and by corporations such as Alcoa. But, when we get to the more complicated questions, I think we are searching for the means by which the corporation can apply its knowledge to problems that it really hasn't looked at before.

I had in my office, yesterday, some representatives of a very large company who said they had 17,000 engineers, and they were looking seriously at ways in which their corporation might be able to use the talents of these engineers who know systems analysis and computers, et cetera, to solving the urban questions.

We spent some time talking about it, and in a very preliminary way, began to think of ways in which they might begin to examine some of these problems and where their experience could be useful. But this is a very new kind of relationship, and really we haven't found the handle to apply it and that is what I think we are all searching for now.

Mr. CHOATE. Mr. Congressman——

Representative MOORHEAD. Yes, Mr. Choate.

Mr. CHOATE (continuing). I think another point has to be raised here. We are talking about bricks, mortar, transportation, and occasionally people, and we are looking for a way in which the private sector can get involved. I guess that we all respect the private sector for its efficiency, for its dynamic qualities, for its willingness to move in and cut redtape and move a project ahead.

At the same time, working in slum housing, the issue of what to do with the people while you are reconstructing an area poses perhaps bigger problems to private enterprise than to any other portion of our society, because it is the very efficiency of moving the people aside which infuriates them most.

I think that as we talk about urban problems, urban redevelopment, we have to realize that the private sector, as it gets involved in social programs, has to go through an educational process whereby the efficiency of the private sector is somewhat moderated, at least when it comes in contact with the individual who is the recipient in need.

I know of two instances right now where major U.S. corporations are being patted on the back by Congress, by the White House, by the press, for having done a great job in scratching the surface of slum housing. I know of an instance where one of these same companies currently has a strike going on because of discrimination in company housing. It seems to me that if one is to pat a company on the back for being innovative in slum housing one had better take a look at that company to find out what are its own personnel policies and how it handles the "people problem" when it is moving into a problem area.

Of course, this has to be said of FHA, too. FHA is, in effect, an insurance company and I have very serious doubts that FHA can perform much better in slum housing. Take a look at their personnel, take a look at the racial discrimination within FHA personnel and I think you will find them largely unable to move into an area which they considered distasteful in the past.

Representative MOORHEAD. Mr. Choate, you don't have much hope in the future of what has been called the "business welfare state," to quote one of the witnesses here?

Mr. CHOATE. I do think that business can play a major role in meeting some of our urban social problems. I do think there is going to have to be an educational period such as Mr. Contini said; there has to be a planning period before one moves in and figures out what we are going to do with $25 billion. I think there must be an educational period. Today's business executive is not prepared to move into a difficult social problem area and be dynamic and efficient without hurting people.

Representative MOORHEAD. Thank you, Mr. Chairman.

Chairman BOLLING. Mr. Widnall?

Representative WIDNALL. Thank you, Mr. Chairman.

Mr. Hartman, you suggest if we could only design the right housing and environment we could check deterioration in social and individual behavior and health in our cities. Do you think we know enough about what people want or need in terms of living space, cultural identity in neighborhoods, and so forth, to make these decisions?

Mr. HARTMAN. Well, it may be presumptuous to say yes, but I will. We do know enough. I think we have been unwilling to face the implications of this knowledge. The two basic things people want, over and above decent living conditions, in a physical sense, is some

sense of dignity and some sense of control over their environment. I use "dignity" in the very broad sense that the environment must be something which supports them and does not give them a negative message in the way that so much of the public housing environment has given a negative message to people living there.

They also want control over their environment in the sense of having some say over the major decisions over their lives. This is particularly true of low-income families in the ghetto. I think these are the two major aspects that we could build into a program and I think we have enough knowledge to do this.

Representative WIDNALL. Do you think we have reached the stage in America where the planners actually consult or think about the reaction of people within a neighborhood? I found that some Negroes, for instance, that I have talked to, say "the planners tell us what they think is going to be good for us. They never ask us what we really want and many of the things that they do are just calculated to restrict us to the ghetto. We are going to give you a library, we are going to give you a shopping center," but they are all confined to the reservation.

Mr. HARTMAN. Well, there are planners and there are planners, and there are lots of them in Washington right now, as you are probably well aware. The American Institute of Planners is having its convention, and there is a second group of planners, called Planners for Equal Opportunity, having their miniconvention or counterconvention at the present time. The presence of these two groups, I think, illustrates a great ferment in the planning profession, and it is precisely on the issue you raise. How much are planners to serve just the interests of the governing body or of the "haves" in the society, or how much are they going to be sensitive to and responsive to the needs of the people who really need help in this society; namely, those of low income and minority group status? The newer type of planner is trying to impress upon the older type of planner the need to listen and to advocate the needs of these groups and not just act as if they know what is best.

Now, there is, in part, a knowledge gap. We don't know everything that needs to be known. We have to be a little bit humble and go out and learn more, but the major thing is to listen more and be more responsive.

Representative WIDNALL. I think the record will show that I have had some quarrels in connection with what has been going on in urban renewal throughout America. I know Mr. Slayton is thoroughly familiar with my own views about Cleveland and what took place there where there is going to be a new beautiful facade for the city and where they completely forgot the people's wants of the low-income and moderate-income area, and the election, on yesterday, I think, bore out what the people really wanted as agains twhat had been fed to them.

In your paper, Mr. Hartman, I think you used terms such as "seem to have promise" this is talking about new towns, "could become enormous markets." Do I detect a little doubt?

Mr. HARTMAN. Well, the subtitle of my paper was "A Cautious Proposal," and I feel very strongly that it is impossible to predict whether the kinds of ideas and plans that are being suggested here are going to work out. But I think we should try them, and not just on a demonstration or pilot project basis.

Representative WIDNALL. The September 29 issue of Time magazine spoke about a number of floundering new towns, including Reston, Leisure World, Sunset-Whitney Ranch out near Sacramento, El Dorado Hills in the same area, and the like. What is going wrong?

Mr. HARTMAN. Well, there are obviously things going wrong from a financial point of view in places like Reston, and I am really not qualified to talk about that. My criticism of new towns has been that they have been new towns only for a part of the population that is least in need of this kind of planning assistance. The new-towns proposals and those which are already underway have not been attuned to meeting a cross section of the needs of the society. They have not been meeting the needs of the low-income and minority-group families.

Representative WIDNALL. Well now, if present urban living is so bad, and I agree that it is in sections of certain urban communities, why aren't people clamoring for these towns? Why aren't they seeking these things; why aren't they looking for an outlet? If we are going to have planning, for instance, as suggested by Mr. Contini, with no cars downtown and this and that and the other thing, why shouldn't people want to get some new towns out in South Dakota, where they can move to and where they can have a free and easy and new approach and get away from what they feel is so unwholesome? I am not talking about the middle class. What about the low-income people? Why aren't they clamoring for this?

Mr. CONTINI. Could I answer that, because I have been involved with some of the new cities that are both successful and that are in trouble.

First, I would like to address myself to the first question that you raised, being a planner somewhat in the transition between the two groups. And the problem that one encounters in listening to the wishes of the community is that that wish is by no means uniform. That wish, by the very nature of the crisis, is contradictory. We are told, and we understand very well, that the wish is to improve the ghetto, but at the same time we are told "give us a way to get out of the ghetto." Both of these wishes are real but the moment you translate any action in the form of a physical solution you are either hit by one voice or hit by the other voice and you are damned either way, and this is the dilemma that underlines the difference between the sociological crisis and the physical crisis.

If we were only dealing with improving the physical aspects of the city, the planner could know the answer. But, if we are dealing with a complex situation where you are dealing with sociological problems as well as physical problems, there is no single set of right answers. Nevertheless, I think if there is substantial improvement at the physicial level, even if done with a certain degree of abritrariness, it will go a long way toward easing the sociological problem not by itself, but it will improve the area.

As for the other question: Why are the new cities failing? And many of them are, is because they are a real attempt to capitalize on the expectation of a demand for better environment which has really not fully materialized.

In other words, the developer of a new community faces the competition of the noncommunity. The house in the community is still financed by the same financing institution, built by the same technology as the others, but in addition must bear the burden of the

advance investment in the long-range facilities that the new town developer is undertaking, as compared with the marginal development at the fringe of the city which really puts that burden on the new community.

This unfavorable competition makes it very difficult for the new towns to be successful.

For the question, "Wouldn't people want to go into the new cities?" we have never asked them because we can't ask them in the abstract unless we offer them a structure in which there is housing and employment, and a certain minimum of urban vitality. The question is academic. We have to take for granted that our lives would be richer if we had more alternatives and, therefore, provide for an experimental enterprise in that direction and then ask the question, "Would you want to be there?" and if the expert should fail it is really not such a major disaster. We accept failure in any of our major enterprises. Some of our satellites have failed, but they are the price of progress. I think we have to experiment in urban design even at the risk of failure. But we can't ask the alternative as long as the visual image is the only one.

Representative WIDNALL. This thought just occurred to me and I really haven't thought it out too well, but I know a number of people in the minority groups that we are trying to be helpful to, I don't think anybody has got a more earnest desire to do something that is constructive in this direction than I have, they will travel 250 miles for recreation, and most have cars, no matter how low the income group, and yet they don't want to use automobile transportation to go to work, where there is work available, maybe commute on a basis of a 10-mile round trip.

Now, there are many, many jobs, and I don't mean completely menial jobs or anything like that, in the suburbs, where, if somebody would be willing to come out and do the work they can get more than the minimum wage, they can get $2, $2.50 an hour, along that range, to do the work, but they don't want to do it, they don't want to travel that far, and yet they will travel over a weekend 250 miles to go fishing and do some other things in connection with recreation and not think anything of it. Is there a solution?

Mr. CONTINI. I don't know the answer; they may not be the same people. They may live next door.

Mr. ABRAMS. I wouldn't hesitate traveling 200 miles for a weekend, maybe, but I certainly, would find it a chore if I had to travel an hour and a half or two and a half hours a day every day to go to work. There have been studies made——

Representative WIDNALL. Have you lived in the suburbs and traveled to and from New York City for your employment? My district is made up of people who do this every day, traveling back and forth from the suburbs, exactly that to hold their jobs.

Mr. ABRAMS. Yes. But with Negro income in your cities as low as they are and the dependency on an automobile—and very often there is the fear of white employers in suburban areas to employ Negroes because of pressures upon them by communities—I think you have a major problem.

Most people like to live where they work, and studies have been made on the impact of the journey to work. There is one very interesting study by Kate Liepman which indicates that the greater distance

you travel to work daily the greater the absences, the greater the illnesses and the greater the impact of all sorts of personal distortions.

Representative WIDNALL. And yet, people want to have relief from the environment they are in every single day. Perhaps I live in the most unwise place in the world, I live right back of the Senate Office Building.

Mr. ABRAMS. It is close by your work.

Representative WIDNALL. Yes; it is fine, but I don't get out to get the sun and air and other things I should be getting if I were out in Maryland somewhere, where most of my colleagues are.

Mr. ABRAMS. I think you would not find it difficult if the White House were also in Maryland.

Representative WIDNALL. There have been suggestions of moving it to some other place where it is more central to the United States. That is not what we are here for though.

I had some questions for you, Professor Abrams.

Mr. ABRAMS. All right.

Representative WIDNALL. Is a particular suburb tied in as an entity to Newark, Jersey City, or New York, Washington, Baltimore, San Francisco, San Jose, or Oakland, and how do you account for the fact that suburbs are increasing in industrialization and in population density and in commutation between noncore city points?

Mr. ABRAMS. What was that last part?

Representative WIDNALL. In——

Mr. ABRAMS. Increasing where?

Representative WIDNALL. In industrialization, in population density, in commutation between noncore city points?

Mr. ABRAMS. I am not sure that that is happening. The fact of the matter is that in the process of urbanization 70 percent of the people are centered on about 1 percent of the land. In other words, there is a tendency for the national environment to form around about 212 cities with a population of over 50,000. We are not drifting far away. What we are doing is huddling around the old central areas, and this indicates to me that you can't have a suburb without an urb.

I might say this, that there is a cycle in life. There is no one choice of environment in life. People, when they are young, want to go to the city or be within distance of the city. Then they go out to the suburb when they have children. When they grow older they go back to the city and this is partly responsible for the movement of 35 million people every year.

As to your other question dealing with a suburb being tied into a city, I don't know of any suburb being tied into a city, although there are some efforts to do it. Nashville has been one which incorporated a suburb recently. Dade County is another area with a regional agency, but we haven't anything approaching the regional agencies of Canada, where you actually have metropolitan government.

Representative WIDNALL. Mr. Contini, by 1975, how many new towns serving how many of our urban population could be put into action, and at what cost to the taxpayers? Have you thought that out?

Mr. CONTINI. I refuse to answer on the grounds of self-incrimination.

[Laughter.]

Mr. CONTINI (continuing). I would like first to make a distinction between new towns and new cities, if nothing else, for the sake of

semantics. So far, we have referred to new towns as planned communities that are being developed within the area of influence of a major metropolitan center. All of those that we know, so far, Reston, El Dorado Hills, Lakewood, and so forth, are new towns in this sense; they would not have their vitality and their economic feasibility unless they were within the range of a large metropolitan area.

There are, at present, and it depends, of course, where you put the limit of definition, maybe 20, 30, such new towns. They are not that new. After all, many of our suburbs, what are today our suburbs, started 20, 30 years ago as new towns, Beverly Hills was a new town of Los Angeles, and some of Long Island was a new town of New York.

New cities, if your question now refers to new cities, How many could we start within a certain period of time and how much investment it would take? The question is extremely difficult to answer. I think it would require much more initiative and commitment than money. I think if there was a three-party joint venture between Government, industry, and the building industry—I mean production industry and building industry—then I am sure that the money that is available for financing at 6 percent would be very glad to go there so that it would not involve any expenditure of public capital; but, it would certainly involve expenditures of commitments. There would have to be mutual guarantees between industry to settle within a new location by a certain date and, therefore, the housing would be built by that date, and the Government would have to give some assurances, some terms of housing insurance so that this process could take place without any of the components being hurt. How much could be done by a period of 5, 10 years, it is impossible to predict.

It is interesting that even if we took an extremely aggressive policy, and within 20 years we had built 20 new cities of 2 million each, and I mean new cities of really metropolitan scale, we would only serve one-third of the urban population growth we anticipate, which means we will have by no means removed entirely the problem of caring for the growth of our existing cities, but only slightly relieved the pressure, and, on the other hand, provided an alternative and a model and an example which would be extremely beneficial to the solving of the problem of the communities themselves. I am afraid I have not answered you very precisely.

Representative WIDNALL. I am very much interested in what the costs are going to be on these and what we are going to accomplish, and whether when we go into the new-town idea we are going to forget what has to be done for those who are still living in the urban core where there are so many urgent needs.

Let me just state for you one program which has been a successful program instituted by Congress. This has to do with water and sewer, two very vital items in connection with our community development. We have $160 million appropriated, we have over $4 billion in applications and they are not taking new applications. Now, it is a fine program, it is a good purpose, in an area of vast need. Yet we can't even finance or appropriate the funds to take care of an existing program that is very much needed in the development of new towns and everything else along the line. This is true in one area of government after another and why several of us have been urging, for some time, of setting up of national priorities as to what comes first and

where we concentrate our effort and prove a point, and then having proven that, then go on to some of the others.

I don't just see how we can fragmentize on this and accomplish anything meaningful for the future.

Mr. CONTINI. I think unless we do we will not accomplish anything meaningful for the future. As long as we continue to view the growth of the large metropolis into larger and larger centers, as long as we make all our appropriations to facilitate this growth, we create urban structures the operating cost of which multiply, multiply in greater ratio than the growth of the community itself. When we are dealing with metropolitan areas in the 20, 30, 40 millions each, we deal with a local street system, a freeway system, a rapid transit system, and a supersystem of air transportation of extreme complexity.

If we could distribute our growth, let's say, so that it never exceeded a 4 or 5 million level—and I am taking figures that I am not prepared to defend—the complexity of the system would be lesser, so that there may be really a self-defeating process by assisting those communities that are already growing tremendously, into growing further. We would be, in effect, having a higher level of economy if we invested money in diverting growth into new centers, aside from all considerations of preparing for a better way of life for the next generation.

Representative WIDNALL. I want to thank all of you for appearing on the panel. You have made a very fine contribution; and I think all of us on the committee have been delighted with the caliber of witnesses appearing before us. We have some terribly important things to try to solve, and I am very pleased Congressman Bolling started all this—started the ball rolling—and has been responsible for constituting the committee.

It is the first time an in-depth study has been attempted without a goal as to by June 30 we have to report or do something. That is, that we have to make recommendations, and I think it is a very healthy approach in trying to do something for the future.

Chairman BOLLING. Mrs. Griffiths?

Represenative GRIFFITHS. Thank you, Mr. Chairman.

I have enjoyed all of you, too; and I would like to ask you what, in your judgment, it costs the homeowner in an American city and the taxpayers generally, if whites, in general, abandon a large American city.

Mr. SLAYTON. I cannot give you an answer, really. The costs, the financial costs, would be very great indeed. I think that the social costs would be the greatest costs. If we have a polarization where our major cities become the place where Negroes live, and the perimeter becomes the place where the whites live, we can only increase the difficulty we now have.

We are beginning to see some of this, of course, in the rapid growth of the Negro population, in the core population, in our major centers with the school systems becoming very heavily Negro. I think that we have to put it the other way, what is the cost of maintaining the inner city and taking the measures that are necessary to prevent that major polarization.

I think that we ought to be undertaking some very serious studies of the techniques for trying, by voluntary methods, to redistribute the population within the metropolitan areas so that: (1) the Negro

can live in the peripheral areas, and (2) the whites will want to come back into the central city.

I think this means great attention to the educational system in the central city; it means more attention to the employment policies of industries on the peripheral areas, and here, just as a footnote, the Federal Government, when it appropriates money for a major installation, might well look at the programs within the municipality where such a facility is going to be located to see the extent to which: (1) there is nondiscrimination in employment; and (2) there are housing facilities and other facilities available for Negroes. I think that the Federal Government here could provide some help.

Representative GRIFFITHS. Let me ask you, if you do not have it done as it has been done now, where an individual homeowner is, in fact, bearing the cost for low-cost housing, the people who are selling at $2,000 in Philadelphia are, in fact, the subsidizers of low-cost housing, and mighty good housing, I might say.

One of the best areas in the city of Detroit, as good an area as in any city in America, with a beautiful park, a beautiful golf course right beside it, a five-bedroom home with five baths sold the other day for $25,000.

You could not buy that house in the suburbs for $175,000. So that those people are subsidizing low-cost housing individually.

I would like to know, in addition, supposing the big factories began to move out, either because it is unsafe for them individually or because they feel that their help is unsafe. They write all this off as a tax loss. This, too, is going to be borne by the American taxpayer.

I think in place of talking in large terms of what it is going to cost us to correct it, what is it costing us the way we are doing it, and it is a terrible cost. But it is being borne individually, and borne by the taxpayers generally.

Do you have something to say?

Mr. ABRAMS. Well, I would say, first, that the largest proportion of wealth is still in cities, and that if what you feared actually took place, it would be a disaster for the United States.

In the first place, I think if we had a nation of suburbs and not a nation of cities we would have a very dull nation. We would deprive ourselves of the element of choice between one type of environment and another.

For instance, the whole world is becoming a world of cities. We simply cannot become a nation of suburbs.

But I agree with you about the Philadelphia situation. I was saying before that I made a study of it, and I think that we are in a state of fear, and it is unjustified fear. If we analyze the situation we will find that it is the Negro who is feared; let us face it. The white homeowners are rapidly selling their homes and going off to the suburbs due to fear of loss of social status, fear of loss of neighborhood associations, fear of loss of property values. But that fear should not exist because the Negro is only 11.6 percent of the population; about 50 percent of the Negro population is in the South. So, in the North we are dealing actually with a proportion of the population that amounts to no more than 6 percent.

But, because the Negro is concentrating in a few cities, he is sparking the fear that he will soon overwhelm all cities in disproportionate numbers.

The suburbs, in which 80 percent of the people are now settling, are growing partly due to this fear, and my feeling is that the Federal Government has got to look to the salvage of the central cities around which our whole environment, virtually our whole environment, is now being polarized. If our central cities are not sound, then I think the suburbs will not be sound, and I do not think the Nation will be sound.

We have got to pay attention to the cities. I think a major portion of the money we spend on Vietnam, on the Vietnam War, has got to go into direct appropriations to the cities for education, health, and other functions.

Representative GRIFFITHS. Well, I listened to your statement that the difference between this country and Europe was that nobody from America ever visits an American city, but they do visit European cities. Of course, that is not quite correct. A lot of people go to San Francisco, New York, and Miami.

Mr. ABRAMS. That is right; and Las Vegas.

Representative GRIFFITHS. Yes.

One of the differences with Europeans is when they come they stay. That is why we are here. When they come to America they stay with us, so we are here.

But, one of the points made in Adams' "American Revolution" is that it is built—300 years of moving-on is built—into the American character, and he points out that this is one of the reasons that Americans do not really decorate their homes. After all, we are not going to be here very long, we are moving. I think there is something to that. I think, in fact, Americans do have this tendency to move on, and on, and on.

Now, is it not possible that in case the worst possible happened, and you had a city where it was taken over completely by one group, and others were all in the suburbs, that the moment would come when the suburbs would return to the city? The land gets cheaper, it is easier for industry to come in. There is some great advantage to them in moving back there; the place out in the suburbs is obsolete, so they come back. It is cheaper. They make money on it.

Mr. SLAYTON. Yes; that is the program——

Mr. CONTINI. There is no evidence that this will happen by itself. Wherever the situation has been reached that approaches the point that you have mentioned, where an entire area has been taken over by a minority, the process has only taken place whenever the minority was able, through its second and third generation, to disperse itself into the surroundings, and then the land became cheaper, then the difference became lost, and the old area became valuable.

But we have one peculiar and specific problem, and that is we do not allow the Negro that privilege, and that is what makes the situation at this point in the extraordinary history of America in absorbing all its minority groups, they are unique, and what makes the crisis very unique.

I do not think this process would take place by itself. I think it can take place by intent; that is why the suggestion was made before that concurrent with the effort of improving the central area we make very strong efforts to redistribute the low-income area or at least to give the opportunity, not forcing, but giving the opportunity for redistribution so that the problem that Mr. Widnall suggested

of having to travel excessive distances does not occur any more, so that there is no sense of being forced to stay within a certain neighborhood.

The moment that you remove the sense of being forced, then the economic law begins to play its role again. But, at this point, we are dealing with phenomena and pressures and forces that distort the normal function of economics.

I understood very well, I think, your question of asking what the price is.

Representative GRIFFITHS. Yes.

Mr. CONTINI. I wish it could be computed and, perhaps, an effort could be made, because we are a country that understands figures very well, and we cannot justify programs if we cannot get figures.

Representative GRIFFITHS. Yes.

Mr. CONTINI. I think an effort could be made, but I think the price of what we are doing now goes far beyond any mention of figures. It is the breakdown of the American dream; that is, the ability to create a society in which everyone is dealt with as an individual. If we fail in this it is the first time where we will fail in our purpose, and that is not measurable in dollars.

Representative GRIFFITHS. But, of course, we are—to make the American dream come true you have to have an organized effort. People have to understand what you are doing. But, at the present time, every decision is being made individually, and those decisions are going to be very costly decisions. They are costly decisions.

Mr. CONTINI. I think you all are making decisions that are very wise and very constructive, and they have a tremendous bearing on the sum total of the individual decisions. I think that both areas are functioning. I think they can be improved upon, but there certainly is—if you compare, we all see what is wrong, every profession. An architect will look at the corner that was not finished well, and a legislator will look at what did not work in the law. But there are many things that have worked quite satisfactorily. Look back 20 years. Progress has been made.

Representative GRIFFITHS. Thank you.

Mr. ABRAMS. Mrs. Griffiths, isn't this the question, the values of these homes that you are talking about are going down? Shouldn't we rather make an effort to make it possible for the Negro families to whom these houses are being made available to acquire them through ownership, now that they are way down in cost?

Representative GRIFFITHS. Definitely. But, that is no problem; that is not as much of a problem in Detroit as in other places. Detroit has a very, very high Negro homeownership in comparison to other cities. So that I definitely think this is true. But, then, of course, I think that the housing bill has always been a builders' bill. It is not a homeownership bill. It is set up by a well-organized group, well paid, who see to it that the FHA applies new reconstruction.

Mr. ABRAMS. Would you favor the amendment of 221(h) so that you would not make it dependent on the acquisition of five homes, but make it possible for each individual owner to buy his home without depending on the——

Representative GRIFFITHS. Certainly. What does that have to do with the question of the character of the person buying it? The question is, Can he pay the mortgage? Can we change the law so that FHA does not apply unless you sell to all who can pay?

Thank you, Mr. Chairman.

Chairman BOLLING. Mr. Reuss?

Mr. REUSS. No further questions.

Chairman BOLLING. Mr. Moorhead?

Mr. MOORHEAD. Just one question.

Mr. Abrams, I think you mentioned a program of Federal grants to the cities. As I understood it, there have been proposals about no-strings grants to the States, redistributing Federal surpluses if and when we ever get to them.

Would this do the job, in your opinion?

Mr. ABRAMS. I am afraid not, because of the fact that the States are being increasingly dominated by the suburban governments due to the substantial settlement on the outskirts of cities.

Mr. MOORHEAD. Thank you, Mr. Abrams.

Chairman BOLLING. Gentlemen, I am going to ask a few questions, and when Senator Javits returns, interrupt myself to let him pursue it. He is now making a speech on the Senate floor and he is going to come back as soon as he can.

I think one point I would like to make, I left the Banking and Currency Committee rather deliberately in early 1955 because I had come to a rather simple conclusion about the nature of housing legislation, and I say this clearly with no criticism of my colleagues that presently serve on that committee, but as long ago as that it became clear to me that the only housing legislation that the Congress of the United States is going to pass was so heavily influenced by the desire of the private builder as to make its social purpose almost unreal.

The price of getting the necessary number of votes to pass housing legislation in those years, and I presume in current years, has been the price paid to the private sector for their votes, and we have had a relatively interesting recent illustration.

I guess that the position that I represent in this Congress has had one success votewise in the House of Representatives in this particular year. We had a great success in that we saved—I think it was called "model cities"—from extinction because the homebuilders were able to obtain for us the number of votes that we otherwise would not have had; and I think pretty clearly what was wrong with the housing legislation is the responsibility of the Congress, in a sense, since I do believe the Congress reasonably is responsive to the responsibilities of society, but that is not the thing that I am interested in pursuing. If my colleagues disagree with me I would be delighted to have them disagree.

There seem to be two recurrent conflicts among the witnesses. Some of you are more involved in immediate action than others, and some of you are more involved in long-range planning than others. One will say, and I think with a considerable amount of validity, if there were $25 billion suddenly made available that he would invest most of the $25 billion in a bank and draw interest while he spent the $25 million retained to make adequate plans; and the others, looking at it from the other point of view, would say, "Well, I could easily absorb the $25 billion at once."

I would like to have a little further discussion of that kind of divergence.

The reason that we have this hearing, and I am, to a degree, responsible for it, is that this committee has no legislative jurisdiction. We cannot do anything. That means also, at least in terms of concrete

legislation, that we have a great opportunity to look at a problem without any particular pressure on us, except what internal pressure is generated by the problems as we see them.

What we can do and what we hope to do in this is only the first phase of our endeavor, at least if I am fortunate enough to have the support of the full committee and the subcommittee, what we can do is to try to reconcile the urgent need for immediate action, action which, in my judgment, has been delayed for at least 35 years by the unwillingness of the society to look at a problem that has been patent for many years and, at the same time, the need to avoid what we have done in my time in Congress, which is approximately 20 years, and that is built a highway, invested billions and billions of dollars in a highway program which almost surely was wrong in concept and wrong in action. I take my share of the responsibility for that highway program.

Now, what I am interested in, and in the portion of time I have to question you, is to get you to expand your particular view of how we accomplish the reconciliation for the need for urgent action with the need not to make the kind of catastrophic mistakes in priorities that we have made, let us say, in highways.

I would just start down there with Mr. Abrams.

Mr. ABRAMS. Well, I think, first, we ought to analyze what the real needs of cities are, not only in terms of housing and urban renewal, but in terms of total needs.

I would say that that $25 billion could be absorbed almost immediately for such things as education, health, street maintenance, relief of poverty, enhancing the general environment in addition to housing, and helping, if possible, to establish, to provide, a sounder economic base in cities.

In fact, I think that the fundamental weakness of the housing programs as well as of the approach of HUD has been they assumed that cities are sound for investment or that slum clearance and rebuilding of sections of cities could make them sound if they are not sound.

But if cities would have better schools, and I think this is extremely important, better recreation and environment, if the cities could cut their tax levies and provide their needed improvements from their revenues, and if they could be made pleasanter, safer, more interesting, and more convenient places in which to live and work, then I believe the demand for city living and housing would begin to appear much more automatically than it is appearing today.

I think, certainly, mortgage money would come pouring into the cities because they would be solvent cities, and the merchants would begin to seek the profit opportunities that would then be available.

In other words, the housing and renewal programs, I think, are important tools for cities and deserve continuance and expansion, but they must be part of a larger program to regenerate cities and to buttress their economies, and that means that we have to take the burden of the support of education and similar needs from the cities and make direct appropriations to cities for these needs.

I would get away from matched contributions or the fine invention of some lad in a Senate office, or in HUD, of a new program to which the cities must contribute as a condition for the improvement of their environment. I would simply assume that fiscally, the city, with its limited jurisdiction, is no longer able to levy a tax, let us say, on the

New York Stock Exchange without a threat by the New York Stock Exchange to leave; that it is impossible to build in a city like Boston, with an 11-percent rate, which takes about 50 or 60 percent of the gross revenues of any new building that is built, and have it a healthy investment.

The only reason you are getting any building in Boston, and one of the reasons you are getting some of the building in New York is because of the tax breaks, because of the fact that the builders are getting away from the enormous taxation which is necessitated by the new social responsibilities which have been brought upon the cities.

Now, the Federal Government has got to realize that migration, poverty, general welfare, health, education are no longer local problems. The fact that a whole population of poor people can move on to cities in a Nation in which mobility is a civil right, does not mean that that city suddenly has to bear all the burdens of the resultant social services.

We have become a welfare society, since 1936, when the general welfare power of the Federal Government was expanded under the social security cases.

We, as a welfare society, however, have not assumed the full burdens of such a welfare society. All we are doing is experimenting with pilot programs, with demonstration programs, with matching programs, with programs that the cities very often do not need, and which bring them continuing burdens in administrative costs.

I would say that, perhaps, we ought to take the Peace Corps approach to cities. In the Peace Corps, in contradistinction to what UNESCO is doing, in underdeveloped areas, we simply send our people, our experienced personnel, to supplement existing programs in other countries. We do not impose new programs upon the cities, but we analyze their existing problems, and we try to solve those problems within a given context, and I think this is what the basic fault is with Federal programing at the present time.

We are trying to innovate, we are trying to find new pilot programs that can never find ships. We are demonstrating things. We are having demonstration programs, which demonstrate that the city cannot undertake these programs, and I think it requires that in our new urban civilization we adopt certain definite goals.

I have listed them in my statement. One of these that is very important is that living in the urban core is a way of life, that we are becoming urban in our society, and that the Federal Government must revamp its fiscal systems so as to take care of many of the social problems and social burdens which the cities can no longer carry.

Chairman BOLLING. Thank you, Mr. Abrams.

Mr. Choate, I understand you have an appointment, and I regret we must lose you, but if you have an appointment, you must go.

Mr. CHOATE. It pertains to keeping people away from cities.

Chairman BOLLING. We thank you very much for being here.

Mr. CHOATE. Thank you, sir.

Chairman BOLLING. Senator Javits?

Senator JAVITS. Mr. Choate, may I ,too, join in thanking you for your paper. My problems are very real on appointments, too, as you can see this morning. You go right ahead.

Mr. CHOATE. Mr. Javits, I am going to see if the Bureau of the Budget will approve funding for the Stennis emergency food bill.

Senator JAVITS. Good, very good.

Chairman BOLLING. Senator, go ahead.

Senator JAVITS. I shall be very brief, Mr. Chairman, not because the witnesses necessarily wish me to be, but because I have to be.

I am interested in two subjects, and I would appreciate your comments.

First, let me express may pleasure at having Charles Abrams here. He is a longstanding friend, and, I think by common agreement, a really distinguished authority; we are very proud of him in New York.

If I did nothing else, I consider myself singularly remiss if I did not at least appear at the hearing to express my admiration for him.

The two subjects I am interested in, gentlemen, are these: One, there seems to be a growing consensus in our Committee on Labor and Public Welfare that the essence of what we ought to do in the poverty field should be zeroed into jobs, and that everything else will follow if we do zero in on jobs, so I would like very much to have your views on that.

The other subject is completely unrelated to that. It relates to the desirability of massive rehabilitation and renovation as a slum-changing technique as distinguished from new construction.

So, if we could just have any observations on the first—again, to repeat—that the crystallization of view in respect of the war on poverty, certainly as far as our committee is concerned, it is now more concentrated on jobs than any other single aspect of the effort to deal with it, to deal with the crisis in the cities.

Although we were just defeated on the Senate floor in a massive job program which bore the names of Senator Clark and myself, the thrust of the antipoverty bill is still jobs, and will be in the amendments, et cetera, which we adopted. So, I would appreciate your view.

Chairman BOLLING. Mr. Slayton?

Mr. SLAYTON. Senator Javits, I feel we have reached a point in our philosophy in the United States and in our economy where we should have a program that makes it possible for anyone who is able and willing to work to have a job.

I think there can be a considerable emphasis for private industry itself to take a much greater initiative in this field than they have before.

In fact, the statement of private business, in the statement that was put out by the urban coalition, indicates that private industry will or should take a much stronger role.

But where someone cannot be employed by private industry and is able and willing to work, there ought to be an opportunity, through government employment—and I am not talking about Federal employment particularly—for that person to obtain a meaningful job that pays a decent wage.

But I do not think that is the entire problem. I think we have to be concerned with the income situation of those who are unable to work—the mothers who have small children, where it may be best for them to be home rather than to be out working, with the kids in a day care center.

I think we have to address that side of the question, as well as the employment. But, certainly, I feel that employment is major.

Senator JAVITS. Thank you.

Mr. ABRAMS. I certainly agree, but I think the problem of employment is a multiple one. It includes, for example, training and education for jobs which, in turn, means reinforcement of the educational systems of the public schools by direct Federal aid. It means freedom from discrimination in jobs, and I do not think we have reached the point yet where employers are altogether free from discrimination.

I think it also means the right to move without discrimination, and as long as many industries are moving out of the central cities, and Negroes are confined to the central cities, the right to move does not exist.

I also believe that the right to jobs is tied in with the necessity for an environment in which children can be brought up decently, in which they can get a decent education, and in which they can become full members of the American society. I think that you cannot separate the need for jobs from other necessities, other programs.

Senator JAVITS. So you would not agree, Mr. Abrams, that the central core of the war on poverty should be job-giving, and from that all other blessings would flow, accepting Mr. Slayton's implementation of that, because that is what we are doing actually, Mr. Slayton, the thing you have said we are doing.

Mr. ABRAMS. I think it is important, but I do think that other aspects of the problem ought not to be neglected.

Senator JAVITS. Do they have to come along? You see, it is a matter of priority. We are in terrible trouble on the immediate financial side. We have a $29 billion deficit. I am impressed in the sense we have got to meet it even if it means raising taxes. This does not scare me either. But, we do need a sense of priorities when you are in that kind of a situation, and, so, I am asking you gentlemen a very practical question because we are up against it directly. What do you put your money into, and the question is do you give your top priority to jobs?

Mr. HARTMAN. If I could just add two points: One, I would like to underline the point Mr. Slayton made about the vast numbers of people now who are really not in the job market and cannot be in the job market. We have to have a very strong program of income maintenance, family support allowances, et cetera, if this cycle is not going to be perpetuated onto their children.

But there is also a question I would like to raise generally about the kind and quality of jobs that we are talking about.

I think it is very important that we not reproduce some of the mistakes that have been made in some of the job training programs to date, of training people for jobs which are either not there or are the wrong kinds of jobs in terms of where the future of our society is going, jobs that if they exist now are not going to exist 5 years from now. And, we also have to be very careful about where the jobs are in the status hierarchy so that we do not find we are training people just for very low status jobs, just for servicing the rest of the population.

The ante-bellum South was, in a sense, a full employment economy. Most of the Negroes in the South were employed. But, obviously, there are important questions of status and one's place in the entire economic system.

Senator JAVITS. Thank you very much.

Mr. CONTINI. I would concur that given the difficulty of selection, the job, the employment, within the social context would seem to

have the highest priority within the social context in which we live, and I would say as a planner the improvement of the physical facilities takes a very late priority. I think it is more important than second or third order to have education or giving significance and political expression rather than the physical improvement.

So that I think that some of the emphasis that has been given to the clearing of the ghettos, from a physical standpoint, may be misplaced emphasis as compared with the fundamental issue of giving the individual purpose and significance within the structure of which he is a part.

Senator JAVITS. Thank you.

Mr. Abrams?

Mr. ABRAMS. I think if I were put on the spot on a particular bill I would say certainly I would vote for a bill that gets jobs.

If the question were confined to that, of course, one can look at it in a different way. When we had 18 million unemployed during the depression we were seeking ways of stimulating jobs, and we arrived at the conclusion that public works, particularly housing, was a way of getting jobs. What you have is an instant problem in an instant age of instant coffee, and instant rehabilitation, and instant oatmeal, and you also have a long-term job in which I think this committee is particularly concerned.

Senator JAVITS. I agree with you, sir. I can assure you we have in mind the connection between jobs and community rehabilitation, a program which Senator Kennedy and I sponsored, which is precisely designed for that purpose.

Now, the other question is renovation and rehabilitation. May I just make two postulates in that. I am aware of your views as to the need for new city centers, as it were, new cities, and the difficulties they have.

Rehabilitation and renovation on a massive scale is not exclusive. There will be new building, too, of course, but the question again is one of emphasis, of thrust. So that one question is, because you may be coming into a 21st century concept, as Mr. Abrams himself said in his very fine paper, one statement called to my attention by my staff which, I think, is extremely pertinent, where he says:

> No adequate housing program has either been proposed by the President or has emanated from Congress.

Well, maybe in a state of tremendous flux such as we are in today it cannot be done and, therefore, we ought to patch things up to give some reasonable semblance of decency, and in order to await the products of the dynamism and research of our time in what should be a definitive direction for the next century. The other question, of course, is one of cost and speed. It is a fact that if you did enlist the business community in a massive way in rehabilitation you could be talking about 40 blocks in Harlem and not just, you know, 2,000 housing units, because this can be done, and not unprofitably even in terms of money income. But, you know, when we are talking about 10 years, probably, instead of 30, 40, and 50, as to durability, and we are talking about a higher per-unit cost per year of service than is available, and you are talking about less than modern facilities in light and air in prospect and so on.

So, I just wondered whether there was some view, because this is again a big question. I think you can swing the American business

community the most readily into a massive program of slum renovation and rehabilitation, you could make it very attractive, you can do it on a very big scale, and it can be made attractive and interesting for business.

Mr. ABRAMS. Well, I am certainly in favor of rehabilitation as well as new housing.

I just want to point out the dangers of trying to concentrate on one form. There is now a tendency to favor rehabilitation.

For example, in the Philadelphia study which I made in December of last year, I found a tendency on the part of the housing authority to rehabilitate even in cases where rehabilitation was not necessary, and 20 pages of specifications were prescribed, which brought the cost of the houses up to about $11,000 when, in fact, no rehabilitation was always necessary.

But when I examined the specifications I found that oil burners had been removed to make way for gas burners; that vinyl floors were not acceptable; that a new roof had to be put on every building regardless of whether the roof had been new or not, and the danger of making such rules for rehabilitation when, as a matter of fact, housing is adequate or in move-in condition, is one of the things I want to caution against.

Another thing is that rehabilitation brings higher rents, and there is no point in rehabilitating a building if you double the rents of the tenants, because it deprives that tenant of access to other necessities of life, and this has happened in New York where they have increased the rents, and Congress has been unwilling to provide the subsidies necessary to hold those rents down.

The other thing is, we are doing some studies on costs at Columbia University, and we found—and this is something new—that we can build new housing, semifireproof, which is what is being built all over the city except in the very tall structures, for a lower cost than the cost of rehabilitation.

I think that if we can get plots, let us say, of 200 by 100 in New York, whether it is Bedford-Stuyvesant or Manhattan, that we can produce housing—two-bedroom units—at about $10,000 a unit, which compares with rehabilitated housing in old law tenements at as much as $14,000 a unit.

I might also say that one of the problems in rehabilitation is that the operating costs have been underestimated in the 114th Street project, and one of the dangers of rehabilitation is also the fact that our press has been overpublicizing the success of these operations, and because big business is seeking to get $10,000 worth of publicity for every dollar invested.

Studies should be made of the effect of some of these rehabilitation schemes in New York, and where they have been made, and these studies should be publicized.

I believe in rehabilitation, but that rehabilitation can mean either drastic overhaul or it can mean putting the house in move-in condition, and very little more than that, so as to hold the rents down.

I am very much afraid of generalizations which government programs are apt to encourage. I would leave as much flexibility as possible in programs to allow all sorts of programs and experimentation to get underway.

Senator JAVITS. Thank you very much.

Mr. Contini?

Mr. CONTINI. I completely concur with Mr. Abrams that the economics of rehabilitation work generally against it. It is a very poor investment for the money put in it, and that is simply the physical factor, the way our homes are built. The studs and plaster are not materials which lend themselves to a very long life especially if they have been neglected for long years. Generally, you have a much better investment and a higher return from a complete reconstruction.

I submit, however, there is an alternative to the normal process of demolition and reconstruction, which is socially acceptable because we simply cannot dispense with these units. It seems to me if we concentrate—and we have now made an attempt in this direction—in environmental rehabilitation rather than dwelling rehabilitation, we can close half the streets and make them a play area; we can take down a few buildings and make them into community buildings, but still leaving the communities basically intact, and we give a breath of life.

In the meantime, we can think of new construction, but not in terms of framehouses because I am afraid the frame construction, which is the most economical, results in densities which are so much lower than what the other——

Mr. ABRAMS. Semifireproof. I did not mean frame.

Mr. CONTINI. But, it is the same process. We would have, if we have enough commitment to prefabricate housing away from the site, to prepare it and bring it literally overnight—not the idea of putting a bathroom inside the building, which makes no economic sense because you are still left with the old skeleton—but an entire new building which has the same module or unit of the old tenement house, but completely reconceived in terms of plan and concept, and remove a half dozen units and replace them on a 3- or a 6-a-day basis, and continue this process until eventually the entire neighborhood is rebuilt anew around the environmental improvements that have been previously made.

Now, this, I do not think, can be economically done if you do it piecemeal. But, if you commit yourself to a long-range program you could set up the machinery, which involves a very great investment, where you would have something less than an optimum solution, because obviously if you started from scratch we would not have road patterns, we would not have the dimensions which exist, but it would give a very practical solution without ever disturbing, ever supplanting, the residential vitality of the neighborhood, and I think this is something that we can address ourselves to.

I think the technology of mass construction and prefabrication of even moderate price opens horizons that have not been tapped in terms of very modest rehabilitation in the early stage, and complete replacement in a second stage.

Senator JAVITS. Well, of course, you would still have to contend with the trade unions.

Mr. CONTINI. Very much so.

Senator JAVITS. Mr. Hartman?

Mr. HARTMAN. Our experience in Boston has been very much the same that Charles Abrams described, of very high costs for the rehab that has already been done. One of the major problems, as I

see it, is the lack of an opportunity to effect the kind of standarization Mr. Contini has just described.

The buildings are so very different from job to job that it is very hard to get the scale and modular elements that are necessary to do large scale and, therefore, cheap rehabilitation.

One of the great things that is needed, it seems to me, is an adequate evaluation of what is being done not only in the rehabilitation field but for urban programs all over.

The most recent job in New York, the one that got all the publicity, dropping whole cores down the center of the building—you can hear stories that it was an unqualified success and then you can hear other stories, which I tend to believe, because I know and trust the people involved, that it was a complete fiasco.

We need a very honest evaluation and not a selling job.

The major hope for rehabilitation, it seems to me, is to tie it in with job creation in the ghetto itself for the people living in the ghettos, who will not only get employment, but will take a very active part in rebuilding their own areas. Even if it is more costly or slightly more labor intensive, by doing it this way there are important social values to be achieved.

Senator JAVITS. Thank you.

Mr. Slayton?

Mr. SLAYTON. When one thinks of rehabilitation, he generally thinks of one operation, when actually it is a spectrum. From the old law tenement in New York to the single-family house in St. Louis or Kansas City, there is quite a difference. I think we have to separate the social objectives which have their immediacy, and the long-term preservation of structures because the quality is such that they should be preserved.

We need to do something immediately to improve the quality of housing in the slum area, and this probably means rather minimal rehabilitation programs because we cannot possibly do the whole job within the timespan or with the money that is available.

I think sometimes, too, we get carried away with the idea of rehabilitation and forget that substantial rehabilitation means substantial relocation, and it is the same thing as tearing down a structure unless you can play a game of musical chairs. If you do it on a massive scale, you will probably have a massive relocation problem that would be very serious.

So, I would certainly agree with Charlie Abrams that we ought to think in more minimal terms than we have been thinking and begin to sort out the kind of rehabilitation and the kinds of structures suitable for rehabilitation.

It may be very unwise to put long-term money into a structure or into an area that really ought to be redone because of bad land planning and so forth.

Senator JAVITS. Thank you very much.

It has been most informative, and I am grateful to the Chair for indulging me although I was so late.

Representative BOLLING. Would any of you like to comment on the question that I posed earlier to which Mr. Abrams gave his answer?

I am interested in the relationship between adequate planning, in effect, adequate knowledge before we make decisions and the need for urgency, and it has been suggested that there is a program that would

make some sense, and I am just curious to see what kind of a response I get from the rest of you.

Mr. Abrams has said that the Federal Government should accept the responsibility in a variety of areas, with all of which I agree and have for some years. The problem is that people who elect the Federal Government do not.

The Senator told me that the vote, I guess, on a $28 billion addition to the administration's recommendation to supply jobs to the poor was defeated by a vote of 47 to 42. It illustrates the rather remarkable gap that exists between one side of the Capitol and the other because yesterday the House of Representatives defeated, in effect, an attempt to cut the spending of the administration by $5 billion by a vote of 213 to 206, if I remember correctly, or 205.

The Senate by a narrow gap almost added $2.8 billion to the spending authorization of the Executive, and the House, the day before, almost took away by a gap of eight votes the authority to spend $5 billion.

So, I think the problem you addressed yourself to is very much a political one.

But I pointed out that this committee is not involved in that. We do not operate under the pressure of the immediate political problem. We are interested in, perhaps, finding what might be ideal solutions and relating them to immediate needs and coming up with some kind of a program that would, perhaps, sometime influence the body politic to change the Federal Government's attitude toward these problems, and that is the point to which I would like you to address yourselves, if you care to. You have all been very patient, and you have been here for some time, and I do not want to pursue this too much.

Mr. CONTINI. Mr. Chairman, you point out there has been a difference in the polarity of positions. I do not think that is true. Because the half joking statement about putting the $25 billion in the bank was really meant to stress a point. I am quite sure that there is a need for extreme investment in improvement areas in which you could find consensus with very little difficulty, but I really do believe there is a concurrent need, a concurrent resonsibility, for investing what are extremely modest amounts in proportion to taking a long-range view, to protect the voter who is not here, the citizen that is not born, but we know will be born, and he will curse us if we do not think ahead, and that is the point, of course, to which I was addressing myself, not to the exclusion of the other, but, because to that I think I can make a contribution to which I am somewhat more entitled.

The other problem, I think, is much more social than fiscal, and, therefore, others have addressed themselves better to it.

Chairman BOLLING. Thank you.

Mr. HARTMAN. Just very briefly, to repeat the point I made in answer to Mr. Widnall, I think we know enough about how to spend this kind of money that you are talking about, if we would only apply some of the experience of the past, if we would only look honestly at some of the mistakes we have made. I think what should be done in addition to that is to make up a realistic budget, if you will, an agenda, for every one of the substantive areas we are concerned with.

I tried a stab at one for housing, in my paper, and I think the same task should be undertaken for public transportation, air pollution,

and other needs, so that we really know where the money is needed and how much must be spent.

Mr. SLAYTON. I would like to endorse what Charlie Abrams said in his initial response. I think the problem is the cities being unable to cope financially with their problems they should not have the welfare programs on their backs. They really should receive help for the school system, to make it possible for them to have a decent school system. They should not be burdened with all of the costs of the social problems that they now have.

If they were to receive sufficient funds, and through programs that were broad programs, really, than a smorgasbord of individual programs, it would be far better. When the Federal Government sets up a program and says, "If you do this and that we are going to give you x dollars," that begins to, as it is intended, move the city in that direction. Sometimes it moves it in a direction and makes it establish priorities which are really unwise. I think if we take a look at the Federal highway program and the 90-percent money and how that has skewed the transportation system within cities without any comparable program for rapid transit, you can see immediately how this has begun to shape things in a way that really ought not to be shaped that way.

So, I would make a plea for massive assistance to the cities, taking off of their backs the social welfare costs that really should not be on their backs, and some system of broad grants—I might limit it somewhat more than Charlie would, but, I am sure Congress would limit it even more—some system of broad grants to make it possible for cities to do the kinds of things we have been talking about.

Chairman BOLLING. So, I gather we have some sort of a consensus on this panel, at least, that the problems we confront are not really the problems of the cities. It is really the problem of the whole society's inability to look at the problems that it confronts which we now describe today as the problem of the cities.

Mr. ABRAMS. Correct.

I mean when you look at what Congress has done in terms of expressing its goals for the urban society all it says is that they want a decent home and a decent environment for every American family. But that has never been defined. You have no goals for the post-Vietnam society and until you define the goals, you are not ready for legislation.

Now, if you are going to define goals, one of the first things you have to do is make some program for the rationalization of space, physical space, because with a vast expansion that we foresee by the year 2000, your population is going to move further and further out, so that you will have a society of fragmentary, buckshot developments.

In a study I made for the State of California, I found it won't be very long before you are going to have San Francisco and Los Angeles connected by little suburbs with practically all of the verdant landscape eliminated.

So, space, I think, is the first goal we have to define, and nobody has really thought about that. We think of new towns, but that is only one aspect of it. It is the development of the immediate land around the cities to reduce the journey to work, to make it more comfortable. That has never been thought of. To make our existing suburbs decent; we have never thought about that. Our suburbs are spreading, but

the fact of the matter is they soon will be cities and, in my opinion, these suburbs are going to have the same problems that the cities are going to have. I think they should be made sound.

Since the tendency of the people is to center around 212 standard metropolitan statistical areas, it is important to make our central cities sound so as to give people a freedom of choice.

It is important to give them freedom of movement as well. It is important to give them a variety of environments in which they might want to enjoy their lives at different times of their lives.

It is important to give them a variety of tenures and security in tenure, and here I go along with Senator Percy's proposal to insure owners against risks of foreclosure due to illness, death or unemployment, and it is important also to have a housing program which will have enough continuity to bring about a wholesome and a healthy building industry that can produce houses at lower costs.

Now, if we can break down that great generalization called a decent home and a decent environment for every American family, into subgoals, then I think we can begin thinking about programs.

But if we rely on individual pressures of the moment, and on what an individual Congressman may think is the most important move for society, we will ignore our overall goals, and I think this should be the function of this committee.

Chairman BOLLING. I would only like to complicate it further by saying that the choices would have to be even wider. If one of our contributors, Mr. Hall, is correct in his view of certain aspects of space, we are going to have to provide a very complicated ability to select from an infinite variety to satisfy all of the cultures that we have in society.

Mr. ABRAMS. I think it is about time we had an urban space agency as well as——

Chairman BOLLING. I am not arguing with you on that. I am just making it a little more complicated, because that is the function of the committee to make it as complicated as it is, not as simple as it might be.

With that, gentlemen, unless you feel impelled to add something additional, I would like to express my gratitude to you and to all the other members of the witness group who have contributed to the compendium in what I consider a good beginning of a study. Thank you.

(Whereupon, at 1 p.m., the subcommittee adjourned.)

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