

The Myth of Community Development

By NICHOLAS LEMANN

BURIED SO DEEPLY WITHIN PRESIDENT CLINTON'S first budget that it has barely been mentioned by the press is the biggest new Federal program for inner-city ghettos in more than a decade. The program is called Empowerment Zones, and it will cost the Government \$3.5 billion over five years -- an amount that puts it in the league of Great Society programs that we now think of as having been unimaginably vast, like the War on Poverty and Model Cities.

The crime, poverty and physical and social deterioration of the inner cities is America's most obvious problem. The crisis in health care that has Washington's main attention right now manifests itself in private individual tragedies and in frightening statistics; but the crisis in the ghettos is right there in plain sight, in the middle of our main population centers. It is constantly discussed over millions of dinner tables, and also in establishment circles in New York, Washington, London and Tokyo. The 1992 Los Angeles riots, our biggest domestic disturbance in a generation, dramatically underscored how bad conditions are. It shouldn't come as a surprise -- in fact it seems natural -- that the Government might want to respond.

What's surprising, instead, is the precise nature of the response -- its modesty and the lack of enthusiasm and attention that have surrounded it. Vice President Al Gore has recently been made chairman of a new entity called the Community Enterprise Board, which a few months from now will pick six large, impoverished swaths of big cities

(one of which, surely, will be South-Central Los Angeles) to receive special tax breaks and other Government benefits aimed at making them prosper economically. The official oratory associated with the program stresses that it is a new idea, conceived in the realization that, as one White House staff member puts it, "the approaches of both parties for three decades have failed" in the inner cities. "It moves beyond the old debate that the answer to every problem is top-down bureaucracy on the one hand or trickle-down economics on the other," said an Administration handout, with grandeur if not perfect grammar. Gore, in a speech at Harvard last month, said, "The solutions this Administration has in mind are different than those that had been proposed before."

The stated confidence is belied by the kind of launch Empowerment Zones is getting. Lyndon Johnson declared war on poverty in a nationally televised, prime-time address to a joint session of Congress; President Clinton unveiled Empowerment Zones in the parking lot of a Cleveland shopping center in September. Everyone involved with the program knows that, protestations of its newness notwithstanding, something quite similar was proposed by the Bush Administration after the riots in 1992, was passed by Congress and failed to become law only because Bush decided to veto it during the Presidential campaign, when he felt vulnerable to charges of being a tax-and-spender.

Empowerment Zones get remarkably lukewarm endorsements from many of the very people who dreamed them up. Here are a few voices from around the Administration: "The evaluations don't provide an encouraging picture." "It was a given." "There are a lot of problems with it." On Capitol Hill, the committee chairmen who were responsible for Empowerment Zones, Representative Dan Rostenkowski of the House Ways and Means Committee and Senator Daniel Patrick Moynihan of the Senate Finance Committee, are both known to be nonbelievers. The person probably most responsible for the passage of Empowerment Zones is Representative Charles B. Rangel of New York. What does he think? "I rejected the whole concept under Reagan. But people came to me and said, 'How can it hurt?' So I just said, 'What the hell.' But when it started looking like the urban policy for the nation, it was obviously inadequate."

The predictions being made for Empowerment Zones' ability to perform their job of revitalizing distressed areas are striking in their modesty. "It depends on your expectations," says Andrew M. Cuomo, an Assistant Secretary at the Department of Housing and Urban Development and one of the program's architects. "If you expect to see Harlem as

gentrified and mixed-income, it's not going to happen. If you look at people who moved out, it can be a success." Paul R. Dimond, the White House staff member most involved in planning Empowerment Zones, strikes a similar note: "I'm not saying it's going to succeed 100 percent. . . . If they're successful, lots of people will move out."

Someone who was able to look at this situation afresh -- a modern-day de Tocqueville -- might well ask, Why is the Government addressing a problem of this severity with a solution that its own officials don't really seem to believe in? The answer transcends the Clinton Administration. Instead, it has to do with the strange way American society outside the ghettos deals with the problems inside. For three decades, Administration after Administration has pondered the ghettos and then settled on the idea of trying to revitalize them economically -- even though there is almost no evidence that this can work. Nearly every attempt to revitalize the ghettos has been billed as a dramatic departure from the wrongheaded Government programs of the past -- even though many of the wrongheaded programs of the past tried to do exactly the same thing. The old cliché about ghetto life is that it's "a cycle of despair." Actually it's ghetto policy making that's a cycle of despair: The leadership class repeatedly turns to policies that sound appealing but are doomed to fail -- and then their failure practically guarantees that the country won't face the issue head on.

INNER-CITY REVITALIZATION IS A PHRASE SO FAMILIAR THAT IT'S part of the unexamined background noise of society. In fact, it requires some explanation. The most obvious solution to poverty is simply to provide for poor people's material needs, through cash grants, vouchers like food stamps and services like Medicaid. But for 100 years -- roughly since the publication of Jacob Riis's "How the Other Half Lives" -- American reformers have felt that the problems of poor urban slums went beyond just a lack of income. The slums were unhealthful and physically dangerous, and people there didn't seem to behave in a way that would put them on the track out of poverty. Therefore it was necessary to make some special efforts to improve conditions in the slums.

Traditionally these efforts involved what used to be called "social uplift": education, counseling, improvement of the housing stock, crime control. In recent decades, though, the idea of social uplift has become thoroughly disreputable among both the poor (who see it as patronizing) and the not-poor (who see it as expensive and ineffective). But what all parties have found they can live with is the idea that the way to cure the special ills of the

slums is to generate a lot of home-grown business activity there. This would not only give poor people jobs and therefore money; it would create in them a whole new spirit of self-reliance. They would be able to build independent communities that control their own resources and destiny; from the standpoint of middle-class voters, creating a job base in the ghettos would be hardheaded and unwasteful. Hence the emergence of "economic development" or "community revitalization" -- as opposed to straight income support, or old-fashioned social services -- as a supposed panacea.

The problem is that on the whole, urban slums have never been home to many businesses except for sweatshops and minor neighborhood provisioners. The slums are usually near downtown, and the residents, when they can find work, have usually found it downtown. Also, poor neighborhoods are usually transitional: rather than being stable, self-sufficient communities on the model of a village in Vermont, they tend to be home to people who plan to move out as soon as they make a little money. The standard model of progress for poor people living in urban slums, repeated millions and millions of times over the decades, is to get a good job outside the neighborhood and then decamp for a nicer part of town.

So to try to create a lot of new economic activity in poor neighborhoods is to swim against the great sweeping tide of urban life in America. Inside the ghetto, it usually does no harm -- but it doesn't help much either. Outside the ghetto, though, it does a great deal of harm. Attempts at economic revitalization often take the place of other efforts that would do much more good (especially improving schools, housing and police protection), and they establish a public mission that can't be accomplished. Nothing does more to feed the public perception that antipoverty programs -- in fact, Government programs generally -- don't work than the poor physical appearance of the ghettos; the more the Government claims it's going to revitalize them, the harder it becomes politically to take on the problem in the future.

THE STORY OF HOW AMERICA GOT TO THIS POINT IS NOT so much about urban poverty itself as it is about perceptions of urban poverty.

Cities rose during the first half of the 20th century and have fallen during the second half. In the early years of their rise, as Americans flocked to them, respectable opinion often found cities horrifying, partly because of their

squalid immigrant slums and corrupt political machines, and partly because virtue was thought to reside in the countryside. Theodore Roosevelt, the only President born on Manhattan Island, created a Commission on Country Life to revitalize a depopulating rural America. (It was unsuccessful.)

Not many years after cities ceased to be alarming, they began to appear to need saving. By the late 1940's, it was clear that the mass migration to the suburbs was depleting urban America of population and retailing base, and the arrival of a new wave of poor newcomers (this time African-Americans from the South) led to a fresh round of concern about slum conditions. In 1949, the Truman Administration created Urban Renewal, the first Federal program to make a commitment to restoring cities to some kind of past glory.

But Urban Renewal quickly became unpopular, especially among liberals. The rap on it, wholly justified, was that it bulldozed neighborhoods, especially black neighborhoods (hence its nickname, "Negro Removal") and replaced them with highways, sterile housing developments and municipal office complexes that looked wonderful when planners presented them at Chamber of Commerce meetings but, when built, only hastened the city's decline. In the late 50's and early 60's, books like Herbert J. Gans's "Urban Villagers" and Jane Jacobs's "Death and Life of the Great American Cities" enshrined the view that city neighborhoods, including poor ones, are precious, vibrant organisms with a complex life that planners don't understand.

When the next round of urban programs began, in the Kennedy Administration, they were animated by a backlash against urban renewal. A related line of thinking about slums that emerged at about the same time was hostility to the "ladies bountiful" who had been operating settlement houses and otherwise providing social services for many years. Both these oppositions, to urban renewal and to social work, led to the same conclusion -- an elevation of the role that poor people themselves should play in the improvement of the slums.

The early 1960's, then, were the starting point for the current phase of thinking about ghettos. For fully 30 years, the reigning ideas about Government policy in poor city neighborhoods have been essentially the same -- even though these ideas are still being referred to as new. They were first tried in the early 1960's, in small, foundation-financed efforts like the Gray Areas Project in New Haven and Mobilization for Youth on the Lower East Side (both underwritten by the Ford Foundation); then they were introduced into the Federal bloodstream through the work of

the President's Council on Juvenile Delinquency, which was run by Attorney General Robert F. Kennedy; finally, in 1964, they became the basis for the centerpiece of the War on Poverty, the Community Action program. These are the ideas:

Bottom Up, Not Top Down. The people who know the most about the needs of poor neighborhoods are the residents; therefore, poverty programs should be designed and implemented by them, not imposed from above by mayors, members of Congress, social workers, intellectuals, Federal bureaucrats or other authority figures.

Comprehensive and Coordinated. Antipoverty programs are a confusing morass, run by competing, byzantine bureaucracies. Rather than being operated "categorically" by different agencies in Washington (welfare and Medicaid are examples of "categorical" antipoverty programs because each addresses a single problem in isolation), these programs should be, on a local level, housed under one roof and reorganized so that all the problems of poor people are addressed together systematically.

Revitalize the Neighborhood. Ultimately, the theory goes, the health of a neighborhood depends on its economic base. The only real long-term answer to the problems of an inner-city ghetto is for good jobs to be available there. Anyone interested in helping poor neighborhoods must primarily focus on economic development.

It took only a few months for the War on Poverty to start being perceived as a failure. In retrospect, the poverty warriors were always swimming upstream against public opinion and politics. As long as the economy was growing rapidly and the poverty rate was decreasing, newly prosperous middle-class voters were willing to tolerate some governmental generosity. But they never pressed their representatives to finance programs they perceived as benefiting disadvantaged minorities. Also, the "bottom up" idea in the War on Poverty found its expression in a provision that directed Federal funds to community groups without the advice and consent of local elected officialdom; so mayors, senators and representatives, deprived of the pork-barrel opportunities embedded in virtually every other Federal program, were generally unfriendly to the War on Poverty.

But in a way, these political weaknesses only served to solidify the ideas about neighborhood revitalization that underlay the War on Poverty: everyone was too busy fighting enemies to re-examine its theoretical basis. Even as it became clear that the War on Poverty itself was never going to become a large, successful Federal program,

succeeding antipoverty programs usually accepted the War on Poverty paradigm. Model Cities, the Johnson Administration's last major antipoverty initiative, was supposed to correct the political shortcomings of the War on Poverty by dropping the exclusion of mayors and members of Congress -- but the idea was still to revitalize poor neighborhoods. Robert Kennedy, by then Senator from New York and Johnson's archenemy, was contemptuous of Model Cities. His ambitious antipoverty program was the Bedford-Stuyvesant Restoration Corporation, which was different from Model Cities in crucial respects. But it was also driven by the idea of economically revitalizing the ghetto.

The 1970's saw a succession of programs, like Community Development Block Grants during the Ford Administration and Urban Development Action Grants during the Carter Administration, which were sold as being different from the failed programs of the past while resting on the same assumptions: bottom-up planning, coordination of programs, neighborhood redevelopment.

During the 1980's, the dominant new antipoverty idea in Washington was creating Enterprise Zones: ghetto areas that would be given special tax breaks to encourage business. Their most prominent advocate was -- and still is -- Jack F. Kemp, who first proposed legislation to create them back in 1980, when he was a Congressman from Buffalo. The Reagan and Bush Administrations regularly called for legislation to establish Enterprise Zones, as did Kemp when he was Secretary of Housing and Urban Development under Bush. Kemp has a sincere and boundless faith that miracles can result from tax cuts; in his HUD days, which coincided with the collapse of Communism, he would tell visitors that the ghettos were "akin to a third-world socialist economy" and capitalism would make them blossom.

The antipoverty talk in the Bush Administration was, as usual, full of the notion of rejecting the failed programs of the past in favor of new ideas, but the new ideas had a certain familiarity: Enterprise Zones were another revitalize-the-ghetto scheme. Many of the slogans used to promote Enterprise Zones -- "empowerment," "a hand up, not a handout," "teach a man to fish and he'll eat for a lifetime" -- were, consciously or not, verbatim appropriations of language that was used to sell the War on Poverty.

Kemp was well known to be frustrated with Bush's level of commitment to the enterprise zone idea -- insufficient to get a bill passed. Then came the Los Angeles riots, and, as one Government expert puts it, "the only thing on the shelf was Enterprise Zones." Their previous failure to become Federal policy suddenly became a virtue because they appeared to be a fresh approach. The Administration and Congress quickly put together legislation that landed on President Bush's desk in October 1992, in the heat of the Presidential race. The bill also contained a few tiny technical adjustments that would increase Government revenues, like a change in the tax-accounting procedure for securities dealers. Afraid he would be accused of again breaking his "no new taxes" pledge, Bush announced he would veto the bill.

WHY HAS THE FEDERAL GOVERNMENT CONSISTENTLY backed economic revitalization efforts in the ghettos? The answer to this question is not the one you'd expect-- that these efforts have been successful. Ghettos aren't very attractive locations for businesses. As Andrew Cuomo puts it, "It's misleading to say, once I.B.M. moves to the South Bronx everything's going to be rosy. One, I.B.M. isn't going to the South Bronx, because the other cost of doing business outweighs the tax incentives. Also, if I.B.M. did show up, the people in the zone aren't in a position to show up. They need training, and services like day care -- a comprehensive strategy."

In addition, the era of Government ghetto-revitalization programs has coincided with a major flow of population out of the areas that were supposedly being revived. Just during the 1970's, the peak decade of ghetto outmigration, Bedford-Stuyvesant lost one-third of its population. So did Central Harlem. The two community districts that make up the poorest part of the South Bronx lost two-thirds.

In New York City, most of these neighborhoods have stopped losing population -- primarily because of immigration, not Government revitalization efforts -- but in many other cities, the outflow has continued. A recent series of articles in The Miami Herald, for example, reported that all of Miami's traditional black neighborhoods are still heavy population losers: "In Liberty City, 27 percent of the population is gone. In the black section of Coconut Grove, 35 percent. In Overtown, where highway construction helped spur decline, 76 percent of the population is gone." The Herald also cited black-population-loss figures of 100,000 for Chicago, 124,000 for Atlanta and 224,000 for Washington.

It's no tragedy when people leave ghettos. They're just following the standard American pattern by moving to the outer city -- places like Queens -- or to the suburbs. Today, minorities are suburbanizing more rapidly than whites. A recent Urban Institute paper calculates that just during the 1980's, the black population of the suburbs in the 39 largest metropolitan areas increased by 38 percent. Jobs have followed people to the suburbs, and that makes it even more difficult to create an employment base in poor inner-city neighborhoods.

It is therefore extremely difficult to find statistical evidence that any inner-city neighborhood in the country has been economically revitalized. One often hears anecdotal revitalization success stories, but they usually involve either the building of a "festival marketplace," like South Street Seaport in New York, or the shoring up of an area that is blue-collar rather than poor and residential rather than industrial, like South Shore in Chicago, which President Clinton often mentions in speeches. An Urban Institute report produced after the Los Angeles riots said, "There are virtually no examples of success in restoring strong economic activity and job creation to an inner-city area the size of South-Central Los Angeles, as is being attempted in the wake of the riots." Rebuild L.A., the much-publicized local civic effort to revitalize South-Central, has been unable to induce businesses to locate major facilities there, which is one reason that its first director, Peter V. Ueberroth, resigned.

So then why is inner-city revitalization attractive to policy makers? One reason is that although Americans move around a lot, and poor people are especially mobile, politicians represent geographical areas and so naturally think of the welfare of people in terms of the welfare of places. Schemes to revive places are always popular with politicians, and with politicians' lobbies like the United States Conference of Mayors. The Model Cities program, to cite a famous example, was in early discussions supposed to be a demonstration project in a handful of cities. But in order to get it through Congress the Johnson Administration expanded it to 150 sites (and thus vastly diluted its chances of success) -- which gave the program an automatic base of 150 votes in the House.

Philanthropic foundations also like revitalization. The idea that foundations wield great power might sound strange to people outside of fields like education, foreign affairs and social policy, but within their orbit, what they do matters tremendously. In poverty-fighting, during periods when the Federal Government isn't rolling out large, centrally administered programs, foundations become, by default, the key players. The foundations' strong

attachment to revitalization comes partly from the natural tendency to believe that the thing you can do is the essential thing to do. Foundations don't have enough money or power to take control of inner-city public education, or impose work requirements on welfare recipients or send poor people money and food. But they can foster community-development efforts, which are relatively cheap because they're so localized and which don't require the wielding of Government authority. For decades, the Ford Foundation has invested heavily in inner-city economic development, and in recent years, other big foundations have followed suit. The heads of the two most important foundations involved in antipoverty work are both alumni of ghetto revitalization efforts: Franklin A. Thomas of the Ford Foundation previously ran Bedford-Stuyvesant Restoration, and Peter C. Goldmark Jr. of the Rockefeller Foundation as a young man worked for the Federal Community Action Program. Most conclaves devoted to devising solutions to the problems of ghettos are dominated by foundation people, and they usually end with ringing endorsements of economic revitalization.

Two other disparate constituencies are able to dwell comfortably under the theoretical roof of revitalization. Business groups -- a city's local Chamber of Commerce, for example -- like revitalization because it glorifies small business and presents itself as a practical alternative to the big-Government approach. Ghetto revitalization projects often have the word "corporation" in their name in order to enhance their appeal to business contributors.

At the other end of the spectrum, grass-roots inner-city community groups like revitalization because it puts them at center stage as saviors of their neighborhoods (and recipients of funds), provides administrative jobs and operates from a flattering set of assumptions about the hidden "strengths" of areas that are usually defined solely in terms of their poverty, crime rates, poor schools, dilapidated housing and other problems.

Finally, revitalization is bureaucratically appealing to White House staff members. In Administration after Administration, these people suffer the same frustrations: it's too difficult to get action at a reasonable cost, and the Cabinet departments are lumbering and intransigent. So when an Administration sets up a White House task force or working group on concentrated inner-city poverty, as has nearly every Administration of the past three decades, what usually happens is that the departments submit ideas for expensive programs to be run by them, and the White House, frustrated, looks for a cheaper and higher-impact alternative. The next step -- in the Bush Administration, no

less than in the Kennedy Administration -- is that the White House becomes entranced with the idea that community development efforts should be run locally rather than by Federal bureaucrats. That is both the cheapest and the most dramatic-sounding option.

Given that the residents of many of the poorest urban neighborhoods are African-American, a final political advantage of community development is that it neatly avoids what is perhaps the most perilous of all issues for elected officials -- racial integration. Scholars, policy analysts and journalists have been moving in recent years toward the view that "hypersegregation" of the black poor causes great harm. But politicians simply can't afford to embrace this view wholeheartedly. A good example is the position of Henry G. Cisneros, the Secretary of Housing and Urban Development. When Cisneros took office, he developed a list of four fundamental "commitments" driving all HUD activities -- and then became so impassioned about integration that he added a fifth commitment, to, in his words "consistently working to deconcentrate the poorest of the poor, giving people a lift up and out" of the ghetto. At Cisneros's urging, President Clinton has decided to issue later this year a tough new executive order banning housing discrimination against people who want to leave all-minority neighborhoods. But Cisneros still loyally (though with noticeably less fervor) endorses developing the ghetto economically, which would seem to be exactly the opposite approach.

DURING THE 1992 CAMPAIGN, BILL CLINTON CAME OUT for Enterprise Zones -- in a more careful and less breezily optimistic way than Kemp, but for them nonetheless. In a long interview with the staff of The Atlantic Monthly (including me) just before the Democratic Convention, he said, "I agree with Kemp about Enterprise Zones, but . . . I think it's a very narrow view of what needs to be done to . . . recreate that sort of economy there." And a little later: "I think they will be of limited impact unless you also have . . . the national initiatives I've called for on education, health care and the economy."

Besides his personal convictions about Enterprise Zones, Clinton had good political reasons to support them. Because they are primarily based on tax cuts, they don't have to be proposed in the form of new-spending legislation, which is unpopular. Enterprise Zones have a tough-minded, economic growth-oriented "new Democrat" aura of promoting the work ethic as a solution to poverty, rather than welfare and Government programs of the "throwing

money at problems" variety. They tap into a longing for the restoration of community that seems to be at large in the country right now. They generate good will inexpensively among the urban lobbying groups. After the election, Clinton put his new National Economic Council in charge of fulfilling the Enterprise Zones campaign promise, and the Council wound up, in effect, revising the Republicans' abandoned Enterprise Zones bill.

State and local experiments with Enterprise Zones (which, admittedly, don't involve tax breaks on the scale that the Federal Government can provide) haven't produced impressive results. Enterprise Zones don't directly attack essential problems like poor education and crime, which act as a "tax" on businesses that often outweighs whatever actual tax break they have reaped. By targeting only certain places, Enterprise Zones are, in the words of one report, "a means of redistributing investment and employment, not a means of achieving more of each."

The Clinton Administration has demonstrated its lack of Kemp-like total belief in economic revitalization of ghettos by placing bets on several different antipoverty strategies. By far its largest antipoverty initiative is a \$21 billion increase in the Earned Income Tax Credit, which is meant to get all working people above the poverty line. Financing for the Head Start program has also been increased. And President Clinton has talked about ambitious plans to improve education and public safety in the ghettos.

Still, because of Clinton's campaign promise, there was never any question that the Administration would propose Enterprise Zone legislation. What the planners of the Clinton bill came up with might be called Enterprise Zones for Liberals. Kemp believes the essential incentive in Enterprise Zones should be a break in the capital gains tax for investors in businesses there. In the Bush and Clinton plans, the central mechanism is a wage credit: employ a resident of the zone, and you save up to \$3,000 a year in payroll taxes. Wage credits are more highly regarded by policy analysts than capital gains tax cuts because they insure that the Government's money goes directly into job creation. The Clinton bill, like the Bush bill, tried to avoid the old Model Cities problem of funds being spread too thinly by designating a handful of Empowerment Zones that get serious amounts and a lot of "enterprise communities" that get just enough to win the votes of their representatives. The War on Poverty's problem of generating political enmity by cutting politicians out of the action was solved by requiring each community to submit

an application agreed to by community groups and endorsed by local government. (Kemp publicly opposed Empowerment Zones because governments have too large a role.)

Paul Dimond, the most involved White House staff member, is a lawyer who spent years trying desegregation cases and so is well aware of the desire of ghetto residents to move out. At his suggestion, the wage credit was made to apply to employers who hired residents of a zone, even if the job was outside the zone. Andrew Cuomo, the only Administration official involved in drawing up the bill who has actually worked in inner-city redevelopment, pushed to require communities to plan services like day care and job training as a condition of being chosen as an Empowerment Zone. Dimond and Cuomo have set up an elaborate plan to make it easier for Empowerment Zones to apply for additional financing and loans from Government agencies and to encourage them to line up local private and public financing as well.

Last May, an Administration delegation headed by Cisneros and Robert E. Rubin, who heads the National Economic Council, went to Capitol Hill to present the Empowerment Zones legislation to the Senate committee chairman who had jurisdiction over it, Daniel Patrick Moynihan. Moynihan has been able to maintain a reputation as a champion of social reform while actually believing that Government social programs almost never work. "That's a Fabian idea," he told his visitors -- a comment that anyone who knows him well would recognize as a putdown (the Fabians having been, in the Moynihan cosmology, the opposite of the kind of practical machine politicians who get things done) but that the Administration's representatives took as praise. When the Clinton Administration included Empowerment Zones as part of its budget, the House passed it, adding an additional \$1 billion to the appropriation. But Moynihan's Senate Finance Committee stripped Empowerment Zones out of the budget bill before sending the legislation to the Senate floor for a vote.

The fate of Empowerment Zones then rested with a House-Senate conference committee charged with resolving the differences between the House and Senate versions of the bill. It was a pure case of legislating behind closed doors: Empowerment Zones was too minor a part of the huge budget for anyone but the people in the conference to focus on. What happened was that Charles Rangel, who represents Harlem and was the only member of the Congressional Black Caucus on the conference committee, saved Empowerment Zones, with help from Senator Bill

Bradley of New Jersey. That was interesting, because neither Bradley nor Rangel, who have long records of demonstrated concern for ghettos, especially believes in the Enterprise Zone idea. They used Empowerment Zones as an opportunity to get more Federal spending on what they do believe in, social services: drug counseling, preventive health care, job training, after-school mentoring and emergency housing.

The final legislation contained \$2.5 billion in tax breaks and \$1 billion in new financing for a very flexible social-services grant called Title XX. And the bill's original provision subsidizing the hiring of zone residents for jobs outside the zone -- which the Administration authors were especially proud of, because it recognized the reality that significant job-creation inside ghettos is unlikely and probably unnecessary -- was quietly dropped to save money.

Later this year, Vice President Gore's Enterprise Board will, after considering applications from all over the country, designate six urban and three rural Empowerment Zones. Of the six urban ones, it is a safe bet that one will be in South-Central Los Angeles. Another, given Rangel's role, will probably be in Harlem. Chicago, home of Dan Rostenkowski, would be a strong candidate, and so would Detroit because it has America's most severely distressed big-city ghetto. In conference, Senator Bradley inserted a requirement that of the six zones, "at least one must be in a city with a population of 500,000 or less and at least one of the zones itself must have a population of 50,000 or less and include areas located in two states." This would pave the way for applications from Newark and Camden, which sits on the New Jersey-Pennsylvania border.

Then what? The Administration's optimism about Empowerment Zones is extremely limited. Paul Dimond, who is probably the leading Empowerment Zones enthusiast, says he believes that if the zones are located near existing facilities with job-generating potential, like universities and hospitals (a Harlem zone, for example, could abut Columbia University and the Columbia-Presbyterian medical complex) and in cities that are drawing immigrants, they could substantially improve conditions. Other Administration officials predict that perhaps one of the six zones could end up a visible economic success, while the rest can only hope to be somewhat safer and less deteriorated-looking.

And this is the optimistic view. As an example of the pessimistic (though still Democratic) view, Lawrence F. O'Donnell Jr., staff director of the Senate Finance Committee and a protege and soul mate of Moynihan's, says: "My

own belief is this bill will represent a net harm to Empowerment Zone communities. I wouldn't be surprised if three years from now, you have an Empowerment Zone in which no employer of significance has moved in, because employers are not so concerned with the tax picture as the safety and service and transportation picture. . . . There's going to be tremendous chicanery around this. . . . What if the guy from the South Bronx who gets a job does what every guy does, which is move? He's no longer a tax break. Do you fire him? What he's going to end up doing is lying about his address. It completely ignores one of the most obvious phenomena of this century -- people do not want to live near their work."

ALL OVER URBAN America, hundreds, even thousands of local organizations are engaged in efforts to revitalize neighborhoods. Much of this activity is extremely impressive, not least because of the dedication of the people involved. The War on Poverty set up more than 500 local community action agencies. Today, more than a decade after the last desiccated vestige of the Johnson-era Office of Economic Opportunity, a little-known agency called the Community Services Administration, was eliminated as an independent body by the Reagan Administration, hundreds of community action agencies still exist. An overlapping category, descended from Robert Kennedy's Bedford-Stuyvesant project, is Community Development Corporations, which are heavily supported by foundations and exist in poor neighborhoods in every big city.

It's unscientific and unfair to single out one of these local organizations as the best in the country -- but if the title were being handed out it would, by common assent of people in the field, probably go to the New Community Corporation in Newark. Founded a year after the 1967 Newark riots, New Community became a substantial enterprise during the 1980's, under the direction of a ruffled, unassuming Catholic priest, William J. Linder. Today it operates 2,500 housing units that are home to 6,000 people; seven day-care centers; an elementary school; a shopping center anchored by a new Pathmark supermarket; a nursing home; a job-placement center; a newspaper and a restaurant. It has 1,266 employees and an \$95 million annual budget. The neighborhood where New Community operates feels organized and safe. Right next to it, a private developer has built market-rate housing, which is a vote of confidence in New Community's ability to stabilize the area.

It would be a mistake, however, to make the leap from the impressive work of New Community, or that of other Community Development Corporations, to the conclusion that ghetto economic revitalization can work -- although making that leap has become routine for journalists, foundation executives and Government officials. A strict unwritten code among Community Development Corporation people dictates that they must insist economic development is their primary mission. Linder certainly does. To the naked eye, though, economic development is hardly the most striking feature of Community Development Corporations. In the neighborhood where New Community operates, there is almost no private-sector economic activity. New Community, an imaginative and energetic harvester of grants, loans, subsidies and tax abatements from Government, foundations and business, owns outright almost everything there.

Its main activity -- and the main activity of most other Community Development Corporations -- is creating and operating housing for the poor. Because there are so many Community Development Corporations and other local efforts, and because these organizations are often run by inexperienced people, many are incompetent or even corrupt; they fizzle out, or limp along for years. The most impressive thing about the hundreds of good Community Development Corporations, though, is almost always their housing work.

Subsidized housing is the spiritual center of antipoverty work. In the dawning days of urban social reform, Jacob Riis and his allies believed that the key to solving the problems of the slums was building "model tenements." By the mid-1960's, the pandemic violence and social deterioration at big public-housing projects was the main evidence for the view (which still prevails) that Government antipoverty programs had failed. To visit successful Community Development Corporations is to see that subsidized housing for the poor can work -- in fact, there seems to be a consistent model that works from neighborhood to neighborhood. The key points in common are heavy emphasis on security (New Community has a private security force of 120 people, almost one-tenth of its payroll); keeping the size of each development manageably small; creating some economic mix of tenants; screening prospective tenants and expelling tenants who commit crimes or otherwise break the rules. Subsidized housing of this kind tends to be run by a single strong leader. For example, the deputy borough president of the Bronx, Genevieve Brooks, started out as head of a Community Development Corporation called the Mid-Bronx Desperadoes.

The implications of an existing replicable formula for running subsidized housing for the poor are immense. It raises the hope of making some significant dent in problems like homelessness and inner-city dilapidation. Success stories in housing might well make the public more willing also to support Government efforts in education, child care, health, public safety and job training that would address what everyone knows is an intolerable crisis in the ghettos.

But the people who are doing good work in poor urban neighborhoods -- who have significantly improved horrific conditions by figuring out how to deliver traditional social services well -- almost always say that they are engaged in "economic development" or "grass-roots community development," rather than trumpeting their real story. (The most comprehensive national study of Community Development Corporations does admit, slightly through gritted teeth, that housing is "the C.D.C.'s' largest single program area," and that their "record in housing is stronger than it is in the development of commercial property or business enterprises.") The idea of poor people being ministered to today has a creepy, Kiplingesque feeling to it; everyone in the field finds the idea that poor people are being "empowered" much more comfortable. In a way, the whole notion of economic revitalization functions as a kind of code: it's a formulation that isn't taken literally and one that worked wonderfully well to bring all the antipoverty players together in a period when their cause wasn't receiving much attention from the general public or the Federal Government.

NOW THINGS ARE changing. An Administration interested in antipoverty programs is in the White House. Bill Clinton has made it obvious that he understands and is tormented by how bad things are in the ghettos. It is also his natural inclination to look to the Federal Government to do something about it. But what? Economic revitalization efforts pass every test but one, the reality test. They are popular among all the key players in antipoverty policy; they sound good; they have bipartisan appeal; they are based on tax breaks rather than on spending and so are easier to pass. The only problem is that so far they haven't worked -- which creates a larger problem.

Think for a minute about why most people believe that the Great Society was a failure. What's the evidence? It is the enduring physical and social deterioration of poor inner-city neighborhoods. The Government promised to turn these places around, and instead they got worse; ipso facto, Government can't do anything right. This is exactly the

button that Marlin Fitzwater tried to push last year when he blamed the Great Society for the Los Angeles riots. It's all too easy to imagine the Republican nominee in 1996 staging a press conference in one of the Clinton Administration's Empowerment Zones, waving a hand expressively at the scenery and saying: "See? They told us that by spending billions here they were going to create a nice place." All this will be hypocritical, of course, because the Republican nominee will probably be someone who supported a quite similar Bush plan, but it will be effective.

On the other hand, programs to make daily life in the ghettos decent and to put inner-city residents on the track to something better are problematic for Washington. Voters are absolutely certain that social services cost a lot and don't work, so political support for them is hard to come by. Meanwhile, there is considerable evidence that out in the ghettos, people are finding ways to deliver social services, especially housing and day care, effectively. Everybody involved in antipoverty work knows this, which is the reason that, on the ground, community efforts focus primarily on housing, safety, education and job training -- and the reason that Washington tries regularly to sneak more financing for these social services into legislation. What the people who know won't do, at the moment, is state these goals directly. They fear that public hostility to Government social-service programs is too strong. It's a tragedy. What is gained in the short run by making a promise that sounds more appealing -- economic development -- is far outweighed by what is lost in the long run when the dream doesn't come true.

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A version of this article appears in print on January 9, 1994, on Page 6006027 of the National edition with the headline: The Myth of Community Development.