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Economic Recovery for Everyone: Racial Equity and Prosperity

by The Center for Social Inclusion

States are poised to receive significant federal funding to stimulate the economy and put people back to work. Much of it targets "shovel ready" projects. Government has to be smart about how it uses our money. The stimulus package alone will not be enough to put everyone who needs a job back to work. And it will not support all the services our communities need. But if it is allocated wisely and fairly, it can be a powerful boost to the economy and improve the lives of many.

To do that, states must ensure that those in the most need benefit from the stimulus. While we have made much progress on race and gender equality in this country, we have not yet achieved full fairness, and these inequities limit prosperity for all of us. Targeting stimulus funds to communities in need is not only the fair thing to do, it is the effective thing to do. Considerable research, by Univ. of So. Calif. Professor Manuel Pastor and others, shows that investing in equity builds the regional economy and helps everyone.

A Racial Equity Lesson

The nation's financial crisis was jump-started by the mortgage crisis. There is an important lesson to be learned from looking at the origins of the crisis in the light of racial exclusion from fair lending opportunities.

- National research has shown that up to 35% of those with subprime loans could have qualified for normal, prime mortgages.
- Blacks and Latinos are much more likely to have subprime mortgages than their White counterparts even when they have the same income. In fact, at higher income levels, there is a *larger* subprime-prime gap between Blacks and Whites.
- Because of usurious loans, Black and Latino communities are much more unstable in the current crisis than White communities, facing higher foreclosure rates as well as the ripple effects of this crisis—higher unemployment rates, lower wages, fewer assets and greater healthcare-related stresses.

If we had paid attention to the most distressed communities, we would have identified some problems that needed correcting for all mortgage seekers and possibly averted the financial crisis we now face. The good news is we can learn from this mistake.

With the economic stimulus package, we have the opportunity to adopt policies of inclusion and prosperity for all. Five key principles can help achieve that goal:

1. Stimulus investments should ensure that those most in distress benefit meaningfully.

A primary strategy of the stimulus is to put people to work. Communities with high rates of poverty and unem-

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The Center for Social Inclusion, A Project of the Tides Center, is reachable at 65 Broadway, #1800, NYC, NY 10006, 212/248-2785. Footnote citations have been deleted from this version—contact the Center, www.centerforsocialinclusion.org, if you want to have them. Related stimulus articles appear on pages 13 and 16.

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ployment should be targeted. Communities in which 40% or more of residents (20% in rural areas) live at or below the federal poverty level have the highest rates of unemployment, tend to live farthest from jobs, lack sufficient public transit, quality child care and education.

Discretionary funds in the stimulus package would be well-spent in ensuring excluded communities get the services they need.

- One particularly important lesson from New York City's budget cuts of the mid-1970s has been the cost, both human and fiscal, to the city in the form of tuberculosis, HIV infections and homicides in communities of color. Drug treatment, health services and law enforcement all suffered from budget cuts, with a price tag of $10 billion in immediate savings and $50 billion in ultimate costs.

Low-income people cannot compete for jobs when transit is inadequate or too costly. It is critical that states use stimulus money to ensure that public transit remains affordable.

- The nation's poorest families spend nearly 40% of their take-home pay on transportation. Between 1992 and 2000, households that earned less than $20,000 saw their transportation expenses increase by 36.5% or more, while for households with incomes of $70,000 and higher, transportation costs rose only 16.8%.
- A survey by the American Public Transportation Association of 115 of the association's members found that 60% of the systems are considering fare increases, while 35% are experiencing service cuts. For the past five years, Cleveland, for example, has experienced an increase in ridership, while simultaneously suffering a 63% decrease in state funding, resulting in fare hikes.

2. Stimulus investments should support infrastructure projects that benefit distressed communities, not solidify inequities.

The term "shovel ready" conjures up images of highways and bridges, but investment in public transit options that help connect communities with high rates of unemployment to job centers will create more jobs and longer-term benefits to the economy than road repair alone. Public transit investments should go beyond urban centers to benefit rural poor communities and help urban communities reach suburban job centers.

- A 2000 study by scholar Michael Stoll of the Univ. of California, Los Angeles found that no other group in the United States was more physically isolated from jobs than African Americans. Stoll's research revealed that more than 50% of Blacks would have to relocate to achieve an even distribution of Blacks relative to jobs; comparable figures for Whites are at least 20 percentage points lower.

A study by the Brookings Institution shows that, nationally, over half of all Blacks live more than five miles from job centers, as do more than 40% of all Latinos and Asians, compared to a third of Whites. Blacks and Latinos are six times more likely to rely on public transit than Whites.

3. Stimulus investments should address access to credit in communities pulverized by the collapse of the mortgage market and the job market.

Investing in communities of color as "regional business partners" is a key to spurring the innovation necessary to diversify the economy and compete globally. And we know it works.

- In the midst of near-economic meltdowns in the 80s and 90s, Los Angeles and Houston revived their economies, thanks in large part to investment in immigrant- and minority-owned businesses. New minority-run banks pumped new life into these economies.
- Dependent even more on energy than New York is on Wall Street, Houston's economy disintegrated when energy prices plummeted. Houston re-invented itself by investing in the city's entrepreneurial culture and substantial immigrant community.
- Los Angeles took a similar approach, investing in the growth of immigrant-run businesses that moved in when older firms moved out. By nurturing the entrepreneurial talent of their communities of color, both cities have seen much less severe job losses even in a bad economy and despite state budget crises.

Discretionary stimulus spending should also recognize that community-based organizations are employers, lenders, trainers, connectors and community-stabilizers. Stimulus money would be well-spent if it included provision for community-based organizations to provide immediate financial relief in high-poverty communities.

The nonprofit sector in America employs a steadily increasing segment of the country's working population.

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- The average annual growth rate in employment for nonprofits (2.5%) was significantly higher than for business (1.8%) or government (1.6%). The number of Americans employed in the nonprofit sector has doubled in the last 25 years. Nonprofit employment represents 9.5% of total employment in the United States, with total employees numbering 12.5 million.

Two immediate ways in which community-based organizations can stem the free-fall of communities in trouble are: 1) a stipend program to put people in underserved communities to work on community problems; and 2) loan funds and other financing support services to help disadvantaged entrepreneurs get access to credit and other assistance for business success.

4. Stimulus investments should recognize differences in labor segmentation by race and gender to ensure an equitable distribution of the stimulus' benefits.

According to research by Professor Darrick Hamilton of the New School for Social Research and others, people of color, particularly Black men, tend to be "crowded" into low-prestige jobs and paid lower wages than White male counterparts.

In the construction industry, which will benefit heavily from investment in "shovel ready" projects, men of color and women of all races are significantly under-represented.

- A study of 25 metropolitan areas that measured the difference between the proportion of Blacks in the workforce and in the construction trades found a gap as high as 18% in Atlanta.
- Overall, if Blacks were employed in construction proportionate to their representation in the overall workforce, 137,044 more Blacks would have had construction jobs.
- Latinos, on the other hand, are generally over-represented, but their jobs typically are less skilled, less unionized, pay less and are more dangerous.

"Shovel ready" projects funded by the stimulus package can benefit unemployed people of color and women if specific incentives and enforcement tools are enacted to ensure fair access to these opportunities. All stimulus projects should require local resident hiring goals and create a link to community-based groups as the first line contact for construction jobs. Local hiring requirements are a proven approach to bring jobs to under-represented constituencies in construction trades. These requirements can be applied to permanent jobs as well.

- Oakland's $1.2 billion ports modernization program requires local hiring for all construction work through an agreement reached in 2000 between the Port of Oakland, the general contractor and unions of the Building Trades Council.
- In Los Angeles, a 2004 Community Benefit Agreement requires local hiring as part of the Los Angeles Airport (LAX) modernization. The agreement covers a very wide range of jobs, including retail and food service employees, airline employees, service contractors and baggage handlers.

A study by the Partnership for Working Families indicates that the most effective hiring agreements for construction jobs require placement of apprentices who are residents of low-income neighborhoods. It is also important to establish pre-apprenticeship programs and create connections with community-based organizations that can recruit job-seekers. Some unions and contractors recognize the value of hiring local residents, but governments should enact incentives, including rewards and penalties, to convince others to do the same.

5. Data collection on the race, ethnicity and gender of those served by stimulus money is critical to evaluating the success of the stimulus package and to inform government officials, advocates and the public about what works and what does not. ❑

For further information on the economic stimulus initiative see:

Applied Research Center, "Resources Page on the National Economic Recovery and Reinvestment Act," http://arc.org/pdf/stimulus_resources.pdf

PRRAC, "Compilation of advocacy resources on the American Recovery and Reinvestment Act of 2009," available at http://www.prrac.org/policy.php

PolicyLink and Green for All, *"Bringing Home the Green Recovery: A User's Guide to the 2009 American Recovery and Reinvestment Act,"* available at www.policylink.org

Brookings Institution Metropolitan Policy Program, "Delivering Metropolitan Stimulus," available from metro@brookings.edu

Center for Law & Social Policy, "Beyond Stimulus: Shoring Up the Safety Net, Securing the American Dream," http://www.clasp.org/publications/claspbeyondstimulus.pdf

The Center for Law and Social Policy is offering a series of audio conferences aimed at providing information for state and local policymakers and advocates on the opportunities states will have with economic recovery funds. Inf. at 202/906-8000, www.clasp.org

For housing impacts, see the National Low Income Housing Coalition article: http://www.nlihc.org/detail/article.cfm?article_id=5817

The Opportunity Impact Statement

by The Opportunity Agenda

The recent and ongoing investments in the nation's economic recovery have the potential to not only revitalize our economy, but also the American promise of opportunity itself. American opportunity is the idea that everyone should have a fair chance to achieve his or her full potential, and that ensuring this fair chance requires not only certain basic conditions, but also the fulfillment of specific core values: equal treatment, economic security and mobility, a voice in decisions that affect us, a chance to start over after misfortune or missteps, and a sense of shared responsibility for each other as members of a common society. Fulfilling those values is not merely good policy, but part of our fundamental human rights.

An important chance to promote opportunity arises each time a governmental body supports or controls a major public or private project. Taxpayers support, and governments initiate and regulate, a wide range of projects, from highways and mass transit lines, to schools and hospitals, to land use and economic development, to law enforcement and environmental protection. These projects, in turn, can improve or restrict access to quality jobs, housing, education, business opportunities and good health, among other opportunities. And, depending on their design and administration, they can serve all Americans fairly and effectively, or they can create and perpetuate unfairness and inequality based on race, gender or other aspects of who we are.

Despite the progress we have made as a nation, research shows that people of color, women, immigrants and low-income people continue to face unequal barriers to opportunity in a range of situations, including education, employment, health care, housing, economic development, asset-building, business opportunities, environmental protection and in the criminal justice system. In authorizing, funding and regulating projects, federal, state and local governments have a responsibility to keep the doors of opportunity equally open to everyone. And history shows that when they fulfill that role, we move forward together as a society.

The need for promoting opportunity is stronger than ever, given current efforts to revitalize the economy through the American Recovery and Reinvestment Act of 2009 and other recovery proposals under consideration by the President and Congress. These proposed plans involve unprecedented federal spending linking multiple sectors, and create an opportunity for extraordinary and lasting investment in communities throughout America that need assistance in moving forward toward a strong economic future. This memo introduces a new and promising policy strategy designed to ensure that publicly supported and regulated projects provide equal and expanding opportunity to all the communities they serve: The Opportunity Impact Statement.

Government-funded projects can create and perpetuate unfairness and inequality.

The Idea

The Opportunity Impact Statement (OIS) is a road map that public bodies, affected communities and the private sector can use to ensure that programs and projects offer equal and expanded opportunity for everyone in a community or region.

On both the federal and state level, impact statements are a well-established practice, intended to ensure that policymakers have full awareness of the impact of proposed rules before taking major action. Fiscal impact statements from the non-partisan Congressional Budget Office outline the costs and benefits of congressional legislation, and many states have adopted similar financial analyses for legislative action. Iowa, Connecticut and Minnesota have established impact statements that review proposed changes in criminal justice policy to determine whether such action will exacerbate or reduce racial disparities in sentencing and incarceration. Perhaps the most well-known impact statement is the federal Environmental Impact Statement (EIS) found in the National Environmental Policy Act (NEPA) that federal agencies must prepare when a major construction or other project is likely to have a significant effect on the environment. An EIS is prepared based on available data and investigation. It compares the proposed project to other alternative approaches, and invites public scrutiny and public comment. Ultimately, it aims to facilitate informed, sophisticated and democratic decision-making that pursues sustainable development in service to the public interest.

The Opportunity Impact Statement seeks to pursue similar goals in the context of opportunity. Just as the EIS is designed to "force federal agencies to carefully consider significant environmental impacts arising from projects under agency jurisdiction" and to create a formal procedure in which "members of the public are afforded an opportunity for meaningful participation in the agency's consideration of the proposed action," the Opportunity Impact Statement will bring both the voice of affected communities and balanced analysis to the table in the

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The Opportunity Agenda was founded in 2004 with the mission of building the national will to expand opportunity in America. Detailed inf. at www.opportunityagenda.org. Further inf. on the Opportunity Impact Statement is available from Juhu Thukral, jthukral@ opportunityagenda.org

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context of opportunity.

Using empirical data as well as community input and investigation, the OIS will assess the extent to which a project will expand or contract opportunity for all—e.g., Would jobs be created or lost? Would affordable housing be created or destroyed?—as well as the extent to which it will equitably serve residents and communities of different races, incomes and other diverse characteristics—e.g., Would displacement or environmental hazards be equitably shared by affected communities?

These factors would be considered in the context of communities' differing assets, needs and characteristics. For example, will a construction project offer job-training opportunities to both women and men from communities with high unemployment rates, or will it bypass those communities? Will a new highway or light rail system connect distressed minority neighborhoods to quality jobs, hospitals and green markets, or will it further isolate those communities? Experience shows that simply asking these types of questions and requiring a thorough and public response will have a positive effect on the development of publicly subsidized or authorized projects.

The Opportunity Impact Statement would include four major elements:

1. Coverage of Projects Involving Public Funds or Governmental Engagement.

The mechanism applies to projects intertwined with taxpayer or government resources. It does not apply to wholly private activities.

2. Data Collection and Analysis.

The Opportunity Impact Statement will collect and analyze data regarding the characteristics of affected communities (e.g., employment rates and health status, socioeconomic and racial make-up, etc.), as well as the assets and opportunities currently available to those communities (e.g., access to hospitals, schools, banking, jobs, etc.), both independently and in comparison to surrounding communities. In some cases, historical patterns (e.g., patterns of hospital closings, housing segregation) will also be relevant. An important part of the analysis will be the consideration of alternative approaches to achieving the goals of the project that may be more effective in ensuring equal access to greater opportunity, as well as changes that could mitigate or remove negative implications. Also important will be consideration of the proposed project's compliance with equal opportunity laws and other applicable legal standards.

3. Public Comment and Participation.

Members of the public—especially communities that would be positively or negatively affected by the proposed project—will participate in the decision-making process in two ways. In the initial fact-finding stage, input from civil society will help guide information-gathering regarding relevant impacts, potential alternatives and sources of additional information. Once a preliminary assessment has been created, the public will have the opportunity to comment on the conclusions, express concerns or support, and complement factual information with practical human experiences and interaction.

Impact statements are a well-established practice.

4. Transparency and Accountability.

The OIS process will result in a public, written report, as well as a record of the goals, data, analysis and public comments that led to the report's conclusions. The report will guide governmental and community decision-making regarding the proposed project while providing guidelines for the future development and regulation of projects that are ultimately approved.

Legal Underpinnings

A network of federal laws provides the underpinning for the Opportunity Impact Statement. Title VI of the Civil Rights Act of 1964 and the federal regulations that implement it prohibit policies that have a discriminatory intent or effect based on race or language ability in federally funded programs. Section 504 of the Rehabilitation Act prohibits discrimination in those programs based on disability. And Title IX of the Education Act prohibits gender discrimination in federally funded educations programs. Each of these laws requires the analysis of data similar to that covered by the OIS.

Moreover, laws in particular areas like health, housing and the environment require information collection and analysis. The Environmental Impact Statement requirement in federal law covers impact on the human environment in ways that may overlap with the Opportunity Impact Statement. Medicaid law and other health care laws prohibit discrimination against low-income people and communities under certain circumstances.

In addition to these federal laws, international human rights laws support the use of the Opportunity Impact Statement. These include the Covenant on Civil and Political Rights, the Convention on the Elimination of Racial Discrimination, the Convention on the Rights of the Child, and the Convention on the Elimination of Discrimination Against Women (CEDAW). In a recent effort, the City of San Francisco adopted CEDAW as part of its municipal law, resulting in a gender audit that was similar in key aspects to the Opportunity Impact Statement.

The U.S. Supreme Court has increasingly relied on these standards in its interpretation of domestic legal obligations.

Adoption and Implementation

Existing law supports the use of an OIS process in many instances. The web of federal laws and treaties described above support and, in some cases, require the collection, reporting and consideration of impact data based on race, ethnicity, gender, disability and language status. Laws in many sectors, such as health care and education, require inclusion and equitable treatment of low-income communities. And existing mechanisms, such as the Certificate of Need process that many states use to consider the distribution of health care resources, require only minor practical changes to fit within the Opportunity Impact Statement model. Indeed, Executive Order 12250 and a number of agency implementing regulations under Title VI appear to require some affirmative mechanism of this kind.

How It Will Work

As described above, the Opportunity Impact Statement draws from the lessons of the Environmental Impact Statement. Similar to the EIS, the Opportunity Impact Statement will seek to "provide a full and fair discussion of significant… impacts" and "inform decision makers and the public of the reasonable alternatives which would avoid or minimize adverse impacts." As with the EIS, agency implementation of Opportunity Impact Statements will balance both the need for efficiency in review of necessary government-funded projects with evidence-based evaluation and transparency. The process envisions that an agency will have approval authority over projects within its mandate, and will use the Opportunity Impact Statement to guide and strengthen its evaluation of proposals.

The OIS will take place in four stages:

1. Opportunity Assessment

The Opportunity Assessment is an initial agency evaluation of the impact a project may have on affected communities' opportunity. This assessment will be submitted by those proposing the project under review, and will serve as either a gateway to a complete and full Opportunity Impact Statement or, with a Finding of Equal and Expanded Opportunity, permit the proposed plan to move forward without changes.

2. Draft OIS

The Draft OIS should encourage both solid analysis and clear presentation of the alternatives, allowing the agency, the applicant and members of the affected communities to understand the opportunity implications of the proposed project.

Statement elements include data collection and analysis; public comment and participation; and transparency and accountability.

3. Public Comment

The process provides for an open and substantive Public Comment Period, including proactive outreach to stakeholders.

4. Final OIS

The Final OIS will assess, consider and respond to all comments. In many cases, the Opportunity Assessment or OIS will reveal no cause for denial or modification, and the project will go forward. Data and public comments developed in the process, however, may be part of subsequent monitoring or complaint resolution.

Conclusion

The Opportunity Impact Statement carries the potential to expand opportunity greatly in communities around the country while encouraging public accountability and civic engagement. Moreover, it is a flexible tool that can be applied to any number of projects, big or small. We believe that providing the Opportunity Impact Statement is an important step in realizing our society's promise as a land of opportunity. ❏

A full description of the proposed Opportunity Impact Statement Process (along with footnoted citations, which have been deleted from this edited version), and an example of how it could be applied, for example, to a public transit project, can be reviewed at www.opportunityagenda.org.

The Nation's Obscene Wealth Disparities

"For the better part of three decades, a disproportionate share of the Nation's wealth has been accumulated by the very wealthy. Technological advances and growing global competition, while transforming whole industries—and birthing new ones—has accentuated the trend toward rising inequality. Yet, instead of using the tax code to lessen these increasing wage disparities, changes in the tax code over the past eight years exacerbated them.

According to the Internal Revenue Service, the Nation's top 400 taxpayers made more than $263 million on average in 2006, but paid income taxes at the lowest rate in the 15 years in which these data have been reported. In constant dollars, the average income of the top 400 taxpayers nearly quadrupled since 1992.

It's no surprise, then, that wealth began to be ever more concentrated at the top. By 2004, the wealthiest 10 percent of households held 70 percent of total wealth, and the combined net worth of the top 1 percent of families was larger than that of the bottom 90 percent. In fact, the top 1 percent took home more than 22 percent of total national income, up from 10 percent in 1980.… And these disparities are felt far beyond one's bank statement, as several studies have found a direct correlation between health outcomes and personal income." — From "A New Era of Responsibility" (the President's 2010 budget, p.9)

The Importance of Targeted Universalism

by john powell, Stephen Menendian, and Jason Reece

The impulse to craft universal rather than targeted public policies is natural for a democratically elected leader, accountable to a broad electorate. The conventional wisdom suggests that particular or targeted policies will not garner the same level of support as universal policies. Targeted policies and programs (poorhouses in the 19th Century, mothers' pensions in 1910, the War on Poverty in the 1960s) are likely to be viewed through the prism of zero-sum politics. At a time of perceived scarcity and contracting government budgets, targeted policies may be viewed as favoring some constituent group rather than the public good. If the target group is historically disfavored or considered "undeserving," targeted policies risk being labeled "preferences" for "special interests." In order to avoid alienating voters, policies are often packaged for broad appeal.

As the default alternative to targeted policies, universal policies suffer from a conceptual defect. Universal policies assume a universal norm. Universal programs begin with some conception of what is universal. This conception, in fact, reflects a particular. The Social Security Act, often described as the quintessential universal policy, was universal only insofar as the universal was a white, male, able-bodied worker. In its early years, the elderly were excluded since they had not been in the workforce or in it long enough to qualify. The definition of work excluded women. Under the cultural norms of the era, men were the primary wage-earner, and women typically worked in the home. As a consequence of discriminatory patterns, they were often kept out most areas of the labor force. Unpaid household labor and child-rearing responsibilities are not counted toward Social Security earnings. Even today, women who take time off to raise children or select careers with more flexible working hours will earn less, on average, than their male counterparts and will therefore have lower Social Security benefits upon retirement. And because of exclusions of agricultural and domestic workers, since rescinded, exclusions built in to appease Southern resistance to the Act, 65% of African Americans were denied its protections.

Universal and targeted approaches are false choices.

As troubling as is the conceptual problem of defining what exactly is meant by "universal," broadly conceived universal programs are very likely to exacerbate inequality rather than reduce it. Defined as one of this country's greatest accomplishments, the Interstate Highway Act of 1956 used federal dollars to subsidize the creation of the suburbs. This was the largest public works project in American history at the time. It gave impetus to waves of migrating middle- and upper-class families to abandon the central cities for the suburbs. At the same time, many downtown regions were surrounded or demolished by massive highway construction, and the revenue generated by these projects did not return to the communities that were losing their churches, schools and homes. The ensuing arrangement of racially isolated urban dwellers and equally racially isolated suburban residents, hastened by the white flight that followed *Brown v. Board of Education*'s integration mandate, is a pattern we live with today. Simply put, ostensibly universal programs have no less potential to exacerbate inequality than ameliorate it. Treating people who are situated differently as if they were the same can result in much greater inequities.

john powell (powell.355@osu.edu) is Executive Director, Stephen Menendian (steve.menendian@gmail.com) the Senior Legal Research Associate, and Jason Reece (reece.35@osu.edu) Senior Researcher at The Kirwan Institute for the Study of Race and Ethnicity, Ohio State University.

False Choices

Universal and targeted approaches are false choices. There is a third possibility. An alternative to either a straight universal program or a solely particularistic program is to pursue what we call "targeted universalism." This is an approach that supports the needs of the particular while reminding us that we are all part of the same social fabric. Targeted universalism rejects a blanket universal which is likely to be indifferent to the reality that different groups are situated differently relative to the institutions and resources of society. It also rejects the claim of formal equality that would treat all people the same as a way of denying difference.

Targeting within universalism means identifying a problem, particularly one suffered by marginalized people, proposing a solution, and then broadening its scope to cover as many people as possible. It sees marginalized populations in American society as the canary in the coal mine, to borrow a metaphor developed by Lani Guinier and Gerald Torres. It recognizes that problems faced by particular segments of American society are problems that could spill over into the lives of everyone, just as the Lower Ninth Ward was not the only part of New Orleans to suffer in the wake of Katrina. Likewise, the subprime credit crisis did not end in poor, urban communities, but has spread far beyond and has been felt throughout the global economy.

Targeting within universalism means being proactive and goal-oriented about achievable outcomes. As an initial step, an Opportunity Impact Statement (see accompanying article,

p. 13) could be employed to gauge how a universal policy would impact particular groups. But an impact assessment alone, although a move in the right direction, is not enough. At times, the impact will not be predictable. In a complex real-world setting, policies have unintended consequences and resistance that thwart policy intentions. It is critical that targeted universal policies set clear goals and use mechanisms to closely monitor and correct for negative feedback loops and other resistance to achieve those goals.

An Approach to Infrastructure Investment

President Obama's $787 billion dollar infrastructure stimulus plan will fundamentally reshape our nation, as the Highway Act and other public works projects of the last century did for the baby boomer generation. If the infrastructure rebuilding merely follows the same patterns of resource allocation, it will make things worse, not better. A program to build large-scale broadband networks will not reduce the digital divide unless access is cost-inexpensive so that low-income families can afford the service. In addition, there must be support for these new users to educate them on how to take advantage of this technology. Affluent students and parents from wealthy districts often have access to the Internet and computer technology as a matter of everyday life.

Many of the current proposals for spending the infrastructure funds look to divert much of the funding to existing road proposals across states. This broad and regressive use of the infrastructure stimulus funds may produce jobs in the short term, but it is just a replication of existing models of public investment that have produced inequitable and unsustainable growth. What are truly needed are strategic investments that produce economic development at a broad scale while strategically transforming communities and cities. Road investments spread widely will not reach this goal. Instead of spreading infrastructure funds broadly, we need to use funds to invest in our most investment-deprived communities in our cities. By making these communities more functional, we increase the economic competitiveness of our cities and region, which are the economic growth engines for our economy.

In addition, we must think more strategically about who benefits from investments in new technologies. Instead of investing billions in wind power infrastructure which would be capital-intensive and produce few jobs, would it be better to target funds to energy-efficient home improvements? This labor-intensive investment could train and employ underemployed workers to recondition homes with energy-efficient measures (like insulation and heating/cooling improvements) while subsidizing these home improvements in low-income communities, where the energy efficiency gains will impact our most economically vulnerable households. In essence, this approach would produce universal environmental gains (energy conservation), while targeting many of the benefits to our most vulnerable households (through energy savings and employment opportunities).

We must think more strategically about who benefits from new technology investment.

Similar critiques could be made of the initial response to the credit and foreclosure crisis. The initial response provided no widespread comprehensive policies which were goal oriented (keeping more people in their homes). The response in Fall of 2008 gave massive financial support to Wall Street but limited relief for vacant property reform and weak support for foreclosure prevention. But, even the $4 billion in vacant property support was problematic. Neighborhood stabilization funds targeted toward cities to address the impact of the foreclosure crisis only address the outcome of foreclosure (vacant properties), and cities have been given little incentive to target funds to holistic approaches (foreclosure prevention, counseling, and negotiating loan workouts with lenders) or to specific neighborhoods (such as the communities of color most impacted by the crisis). The initial housing plans from the Obama administration look more promising, with multiple policy mechanisms to prevent future foreclosures, such as incentives for workouts, providing some flexibility for Judges to modify loan terms in bankruptcy and refinancing offered for those loans affiliated with Fannie Mae and Freddie Mac. Although these new initiatives are untested, these new policies appear promising, but the response cannot end with these initiatives. We still must comprehensively look at the impact of vacant properties properties on neighborhoods must devastated by the crisis and look at the longer term goal of providing sustainable credit and housing to highly impacted communities in the future. These new goals must guide future policy and be responsive to the concentrated racial footprint of bad loans and foreclosures, targeting resources and initiatives to assure sustainable credit and stable housing for the future of these communities.

The manifold crisis of our fundamental institutions, from our system of health care provision to the regulatory apparatus of our banking system, has produced a once-a-century opportunity for institutional change. The opportunities to transform our present institutional and regulatory arrangements are now open. The policies we promulgate will set the course of development for generations to come, just as the post-New Deal and post-WWII arrangements laid the groundwork for generations that followed them. This window of opportunity will remain open for only so long, and the chance for dramatic change will diminish. In this moment, we can work towards building a more equitable future or repeat the mistakes of the past. It is critical that we meet these opportunities with the proper solutions now. If we fail at this, we will be trying to correct our missteps for years to come. ❑