CHAPTER 10

Cities and the National Government

Nationwide thinking, nationwide planning, and nationwide action are the three great essentials to prevent nationwide crises for future generations to struggle through.

Franklin D. Roosevelt, Speech, New York, April 25, 1936

We will neglect our cities to our peril, for in neglecting them we neglect the nation.

John F. Kennedy, Message to Congress, January 30, 1962

Cities and the Nation

For the student of politics, few subjects are more intriguing than the ways in which a political system changes or the ways in which political practice diverges from formal constitutional pronouncements.

The United States Constitution is the organizing framework of our system of government. It sets forth and defines the authority of the national government. By reference and implication, it also defines the authority of the states. This division of authority between central government and constituent states is the essence of federalism—an arrangement whereby two independent governments occupy the same territory. Better said, federalism is an arrangement whereby the central government and constituent states are each assigned a specified set of powers and authority (Riker 1964, Leach 1970, Beer 1993).

In the American federal system, the states came first. Their union was provided for in the Constitution ("We the People of the United States . . ."). In the Constitution, the national government is given powers that have mainly to do with commerce, trade, and national defense. By implication (and the words of the Tenth Amendment) the states retain the power to do everything else—to regulate matters pertaining to health, welfare, morals, public safety, and public convenience. In short, the states retain the power to regulate matters pertaining to the affairs of everyday life: marriage, the family, crime and criminality, business transactions and employment, ownership of property, public education, and proper moral conduct.

In the Constitution, no mention is made of cities. The Constitution ignores them. Presumably, as subdivisions and agents of their states, they are part of their state's constitutionally assigned governmental authority. Strictly and formally speaking, they are not connected to the national government. And from the adoption of the Constitution in 1789 to about half a century ago, the national government had almost no direct dealings with cities. Then, in the 1930s, an explosion of relationships took place. Without formal amendments to the Constitution, the old pattern of federalism was shunted aside to make way for a new federalism that blurred the distinction between national powers and states' powers. Under this new federalism, the national government would henceforth take responsibility for solving all the major problems confronting our society—including the problems of American cities.

Most great governmental changes are powered by the engine of crisis, both real and perceived. And the crisis that hoisted the new federalism into place was the Great Depression which had begun in October 1929. The faltering economy, with its strangled productivity, widespread poverty, and millions of unemployed could not be dealt with by state governments. Their resources were not adequate. More important, the United States was an integrated economic system—only the national government would have the resources and the geographic jurisdiction to deal with the entirety of the nation's economic system. By congressional action and Supreme Court consent, a new style of federalism displaced the old dual federalism.

Under this new federalism, the national government would take responsibility for managing the economy. It would use its taxing and spending powers to stimulate industrial productivity, regulate conditions of employment, and give welfare and other aid to the poor (Herson 1990, Beer 1993). The upshot of the new federalism was that, henceforth, the national government and its policies would be a visible presence in the policies and politics of American cities.

The New and Newer Federalism

The new federalism has been a constantly changing concept. The idea of the *new* has a powerful hold on the American political imagination, and every president since Franklin Roosevelt has proclaimed his version of a new federalism. As a rule, Democratic presidents have urged an increased measure of national government policy initiatives, while Republican presidents have urged that the national government give power and policy-making responsibility back to the states. And true to what was begun under Roosevelt, whichever version of a new federalism has been enacted in the intervening years, it is the national government that has been the initiating center of major policy programs, including, of course, urban programs. From Roosevelt to Lyndon Johnson, the powers of the national government almost always expanded, drawing the cities more and more into the federal web. Under the Republican presidencies of Nixon, Ford, Reagan, and Bush, attempts were made (especially through federal block grant programs) to return urban policy initiatives to the states. But as the 1990s came to a close, it was Democrat Bill Clinton proposing that the states be given increasing policy initiative. (For a delineation of the new federalism under President Nixon, see Reagan 1972; for its meaning under President Reagan, see Benton 1985; and for Carter and Bush, see Ames et al. 1992.)

Under the new federalism, none of the national government's programs has been self-accomplishing or self-enforcing. All require administrative implementation. They thus bring a large corps of federal administrators into direct contact with state and local officials; for instance, the Department of Housing and Urban Development (HUD) employs over thirteen thousand people, and the Department of Education employs twenty thousand. As a consequence, the new federalism is marked by a high degree of interaction among administrative personnel at all levels of government: national, state, county, and city. The pattern of their interaction is comparable to that between city and state administrators—cooperating, bargaining, compromising, and ultimately deciding on the rules and procedures that transform policy into the specifics of governmental action. To understand this interaction we note some of its components.

Fiscal interdependence. None of the new federalism's programs is self-supporting. Each requires a considerable outlay of money. One consequence is the rise of government spending at every level of government. Another consequence is the very great dependence of cities and states on federal money. Cities and states continue to raise their own

revenues, but a large percentage of the (total) money they spend comes from the national government.

The two principal vehicles by which federal funds have been given to cities and states are the grant-in-aid (also called the categorical grant) and the block grant. The usual arrangement for a grant-in-aid is that the national government contributes the greater portion of funds, with states and/ or cities contributing some matching percentage of the money-say, 80 percent to 90 percent coming from the federal government, with cities or states contributing the rest. The usual arrangements for a block grant are as follows: Existing categorical grants are bundled together rather than funded separately, and the bundle is apportioned to the states (accordant to some legislative formula) to be implemented, usually in keeping with each state's priorities (but subject to such guidelines as Congress and the president may lay upon the grant).

Policy interdependence. In grant-in-aid programs, Congress not only specifies the purpose for which receiving governments are to spend the money ("a grant in aid of . . ."), but it often specifies the conditions that are to be part of the grant. (In politics, as in country dances, he who pays the fiddler gets to call the tune.) In this way, the national government not only promotes a specific policy, but it can also implement vast and sweeping social programs. To illustrate, Congress has used grants-in-aid to enable cities to build low-income housing. In accepting such grants, cities are required to enforce a federal regulation that stipulates that all building construction using federal money shall pay prevailing union wages; that no person or corporation or governmental agency receiving federal money may discriminate in its hiring practices; that every federally supported housing project must use a specified tenant-income formula in admitting occupants; and that it must be located in such fashion as to contribute to citywide racial integration.[1]

The grant-in-aid thus works to draw cities and states into the federal web in both a direct and indirect way—direct in the sense of enlisting city and state into serving designated categories of federal programs (road construction, welfare assistance, low-income housing, airport improvements, and hundreds of others) and indirect in the sense that still other and broader social programs (e.g., affirmative action) can be wrapped around the categorical grant (Sundquist 1969, Berkeley and Fox 1978, Hale and Palley 1981; for liberal and conservative perspective of these grants, see Wright 1968 and Kantor 1988).

In contrast, a block grant would likely gather a number of related grants together under a single umbrella, for instance, a program to improve public safety equipment used by municipal police departments.

Once the funds were distributed to the states and passed on to the cities, municipal officials would decide whether to use the money to buy new police cars, communication equipment, or perhaps computers. But even under block grant dispensation, the city would still be required to stand in conformity with all applicable federal rules and regulations.

Policy spillovers. Just as cities are drawn into the federal web by grants, they are pulled there even more forcefully by national programs that deal with national defense and the management of the nation's economy. In its attempts to maintain a sound economy, the national government makes use of two techniques and strategies: fiscal and monetary controls. Fiscal controls involve taxing and spending for what are sometimes called countercyclical purposes: taxing and spending to counter (and reverse) economic cycles. In times of declining productivity and underemployment, the national government has increased its purchases of goods and services, for example, those connected with national defense,[2] and it has appropriated money for major construction projects, including highways, airports, river and flood control, and public housing. Every city has been affected by countercyclical spending projects. The greatest of these has been the interstate highway system, (launched in the 1950s, it is often said to be the greatest public works project since the Egyptian pyramids), whose urban throughways and ring roads have completely changed land-use and development patterns in every metropolitan area in the nation.

The national government (through its Federal Reserve Board) exercises monetary controls by expanding and contracting the nation's money supply and raising and lowering the interest rates banks charge for lending money. The prevailing interest rate affects the ability of cities to borrow money by issuing bonds, and it also has a decisive effect on the home and commercial building industry—building new homes, refurbishing old houses, and building factories and office towers. In this way, the national government's control over the money supply and interest rates powerfully affects the physical structure of cities. The growth and decline of a city's central business district (CBD), its network of factories, the spread of its suburban ring, and its overall physical form are all directly and intimately affected by the national government's changes in monetary policy.

But for overall effect on cities, nothing compares with a single provision of the national tax code: permitting homeowners and real estate financiers a tax deduction for interest paid on borrowed money. This tax provision is of enormous importance to the middle class. (Some would say it creates and defines the American middle class.) With it, the middle

class has been assisted in buying single-family homes, and in so doing, has spread residential neighborhoods to the borders of the city and, leapfrogging the city, has created the urbanized metropolitan area. Needless to say, this same tax provision has also fueled the engines of shopping mall construction, the building of suburban business parks, and the building of office towers in the CBD. It is only a slight exaggeration to say that in the past half century, every building in the city and around the city has been the beneficiary of federal tax policy.[3]

The New Deal and the New Urban Politics

In the economic turmoil of the 1930s, voters behaved as they have always behaved in bad times. They voted the party in power out of office. From the Civil War onward (with an occasional interregnum) the Republican Party dominated both Congress and the presidency. But in the election of 1932, Franklin Roosevelt and a Democratic Congress were swept into office by an electoral landslide. And ever since that election, all candidates for the presidency have campaigned as did Roosevelt on promises to guard the national economy and set to rights all the major problems that beset the country. High on the list are the problems of urban America.

The election of 1932 thus signaled the importance to national elections of the urban vote. Given the workings of the Electoral College (with a majority of each state's voters awarding that state's entire Electoral College vote to the majority candidate—winner take all), the urban voter is crucial to a presidential candidate's capturing a majority in the Electoral College. Accordingly, every presidential candidate in the past half century has been mindful of the need to court the urban voter and address the nation's urban problems. Those who become presidents thus stand ready to put urban problems fairly high on their policy agenda. In doing so, they set in motion the wheels of urban policymaking in Congress. And equally important, they animate the hundreds of interest groups and thousands of lobbyists who seek to advance their own definitions of urban needs and their own visions of urban public interest.

National Policy and Interest Groups

As federal programs have grown and developed, one consequence has been the attending growth of interest groups seeking to benefit from these programs. These interest groups are the city-based lobbies seeking tax benefits for their members, trying to head off legislation harmful to their

members, working to get those who implement federal policy to shape that policy so as to benefit their members.

Many interest groups that are vigorously active today were founded long before the 1930s ushered in an explosion of federal programs. But as that decade got underway, every interest group with hopes of influencing national legislation in any significant way expanded its Washington staff and considered moving its headquarters there to be near the source of money and power.

Several interest groups deserve special mention for their roles in influencing the course of national urban programs over the past half century: the National Municipal League, the International City Management Association, the United States Chamber of Commerce, the National Association of Real Estate Boards, the Outdoor Contractors Association, the American Federation of Labor-Congress of Industrial Organizations, the Mortgage Bankers Association, the United States Savings and Loan League.

These groups—and hundreds like them—also deserve special mention for their roles as spokespersons for the ideologies that dominate our political system and our political thinking. For instance, interest groups that represent realtors, bankers, builders, and business persons are powerful voices in support of the free market and an unregulated economy. Traditionally, they have resisted public housing for low-income families. On the other side of the pol- icy coin, such housing projects are usually supported by central-city officials and economic liberals (union spokespersons, for example, and leaders of associations for welfare rights).

But to better understand present-day federalism and the connection between cities and the national government as well as the connection between federal programs and interest groups, another backward glance is in order, a brief canvass of a half-century of federal urban programs. In the more than half century since Franklin Roosevelt first took office, the national government has enacted several hundred programs that affect the nation's cities. Among those with greatest impact are programs (and policies) dealing with jobs, home mortgages, low-rent housing, slum clearance, highway construction, the amelioration of poverty, and grants for the support of city services. Because important federal programs are extensive in scope and costs, they may begin under one president but not reach their apogee until the administration of another. Nevertheless, some sense of chronology is useful, and for this reason federal urban programs will be outlined by presidential tenure.

Roosevelt and the New Deal[4]

Jobs and Mortgages

In 1932, with the country battered by business failures, President Roosevelt and a cooperative Congress inaugurated the programs that were to constitute the New Deal. Their purpose was to get the economy moving upward and to lessen joblessness and its resulting poverty. The programs that had the greatest effect on cities were not city programs as such, but programs to help those who lived in cities. Officials of two newly created government agencies, the Works Progress Administration (WPA) and the Public Works Administration (PWA),[5] worked hand-in-glove with city and state officials to plan and build streets, bridges, sewers, and parks, along with such urban amenities as bus-stop shelters, public drinking fountains, and recreational facilities. Their primary purpose was to give jobs to the unemployed; but the consequences were to leave in policymakers' memory the idea that the government can serve as employer of last resort and that the employed poor—who are given "workfare not welfare"—can be put to work improving the quality of urban life. (This memory was to come to life again in the Comprehensive Employment and Training Act of 1973—CETA; and the idea of "workfare not welfare" has moved in waves through periodic considerations of welfare reform, including the 1996 Welfare Reform Act.)

A second of the national government's indirect aids to cities was the National Housing Act of 1934. The act created the Federal Housing Administration (FHA) and the Federal Savings and Loan Insurance Corporation (FSLIC). Both were designed to bring life to the then-moribund house building industry and to stop the tide of bank foreclosures on family homes. Neither act was intended to bring government into competition with the mortgage banking industry. Instead, private mortgage banking was to be assisted by the government, and through that assistance, the homeowner and buyer were to benefit. Then, as now, the issue of government intrusion into the marketplace was the occasion for heated ideological debate. And then, as now, the usual resolution was to have government assist the private sector, not sup- plant it.

The FSLIC offered government insurance for savings accounts, and was thus intended to coax private savings out from under the mattress and into savings and loan associations; those corporations would then use this money to make home mortgages. In addition, the FHA served as insurer for mortgage lenders. The rationale for the FHA was simple. With

government insurance against loss, lenders would have incentive to make loans available, would require a smaller down payment, and would charge less interest. Borrowers would thus have an incentive to buy new homes, refinance existing mortgages, and restore and repair old homes. And jobs in the building industry would expand, more persons would be able to afford homes, older homes would be renovated, and cities would be spared the strain of spreading slums.

Much of the FHA program worked as planned, and the FHA and FSLIC programs remain today the backbone of the mortgage and home-building industries.[6] But as with most government programs, the law of unanticipated consequences also took its toll. FHA mortgages have done relatively little to improve inner-city housing, and the net effect of FHA has been to support and intensify the segregation of urban blacks and the poor. The poor, after all, do not buy homes. They are apartment dwellers, and FHA lenders have consistently shown preference for single-family homes over apartment buildings. What is more, FHA administrators have tended to share the ideological orientations of those with whom they work most closely, the banking and real estate industries. Until quite recently, that orientation was not one to champion racial integration. Thus, FHA mortgage money was an important factor in the racially white suburban explosion of the 1950s, as upwardly mobile white families used that money to make house dreams come true (Warner 1972).

Housing for the Poor

If there is a dominant American view on housing for the poor it is probably captured by the phrase "filter down." In this view, housing for the poor is best provided by the private sector of the economy. The poor take the housing they can afford, and as persons rise on the economic scale, they move from less desirable to more desirable housing-making available what they have vacated to those on lower rungs of the economic ladder (in short, allowing better housing to filter down to the poor).

Filter-down housing has been the traditional arrangement in American cities; and the principle underlying filter-down housing has been largely responsible for the historic movement of new-home construction outward from the city center. For economic Liberals, filter-down is not a satisfactory policy position. *[The theory of ideology.]* Dilapidated housing (Liberals argue) should not be all that is available for the poor. A concern for equality of outcomes requires that the government help provide good housing for the poor.

Economic Conservatives take a different view. Government works best (they argue) when it does not compete with private industry. If the

poor are to be assisted to better housing, government ought to stimulate the overall economy so that more jobs become available to the poor. Over time, Conservatives continue, the poor will move up the economic ladder and buy housing suitable to their improved economic status.

The New Deal helped turn liberal sentiments into policy, and a Housing Division was established within the Public Works Administration to build low- cost, low-rent housing for the poor. As might be anticipated, spokespersons for the building, banking, and real estate industries objected strenuously,[7] and though the PWA built relatively few low-income apartment buildings, precedent was established for later housing programs Oackson 1985). Equally important, the PWA housing ventures set into place many of the implementation practices now common in state-city-federal programs. For example, state governments created local housing authorities (special-purpose governments that could accept federal grants for purposes of building low-rent housing), and these local housing authorities were authorized to operate under principles of state sovereignty for purposes of acquiring building sites. (Thus clothed with state sovereignty, the local housing authority could use the state's power of eminent domain to condemn existing buildings and force their sale to the housing authority so as to provide building sites for new construction.)

The 1937 Public Housing Act established the United States Housing Authority (USHA). The USHA was empowered to make long-term loans (as it turned out, sixty-year, low-interest loans totaling upwards of $800 million) to local authorities for the construction of low-rent housing. States and localities, in turn, were to become partners in the projects by contributing operating and maintenance costs (over time, the federal government used its own funds for these costs), with local officials—operating under federal guidelines—setting rents and standards for tenancy.

All in all, the USHA and its successor agencies have constructed nearly 4.5 million low-rent housing units. How shall this effort be judged? Much depends on one's angle of vision, and on the ideology which focuses that vision. Judged by their numbers, national housing ventures, with state and local cooperation, would be pronounced a considerable success. But low-rent housing projects are not judged by numbers alone. They are also judged according to one's vision of the good society and government's responsibility for that good society.

With lofty rhetoric, the 1949 Housing Act spoke of "a decent home and a suitable living environment for every American family." No government program has ever even remotely approached that goal. And a significant portion of the low-rent housing that has been built has been

plagued by serious problems: inept and incompetent management, general disrepair, and tenant crime—gang wars and shootings, drug-dealing, burglary, and personal assaults, with the poor victimizing the poor. For liberal critics of public housing, such problems are understandable and foretold. Listen, for example, to Sam Bass Warner, Jr. (1972, 239):

> Since the goal of ... a "decent home and a suitable living environment for every American family" has never been popularly accepted as a right of citizenship either by the victimized poor or the fear of affluent, a terrible incubus of philanthropy has plagued public housing and steadily brings on its cycles of sickness. With public housing perceived as a burden and an expression of charity rather than a right of citizenship ... both local and federal governments have consistently scrimped, saved, and limited the program.

The costs of site acquisition, when combined with the resistance of middle-class neighborhoods to the "intrusion" of public housing, almost always means that public housing has been set inside former slum territory. And at least in its early days, low-rent housing was massive-high-rise apartment buildings, squarely set on "concrete lawns."

These, of course, are serious issues and *problems,* and they became dramatically visible in 1972 when one of the largest public housing projects, Pruitt-Igoe in St. Louis, was dynamited by housing authority order. Thirty-three eleven-story buildings (containing twenty-seven hundred apartments) crumbled into smoke and dust as television cameras whirred. What had been built only twenty years earlier as the showcase of American public housing was pronounced by a conservative commentator as a "graveyard of good intentions" (Glazer 1967).

Overall, the slash of conservative criticism of public housing has a familiar ideological edge. As many conservatives would put it:

> Buildings don't make slums. People do. To take slum dwellers and put them in new buildings is only to set in motion—all over again—the process that starts slums. Instead of building public housing for the poor, let the filter-down process work. The poor will be better assisted by rent subsidies. And they can use those subsidies in the private market. Landlords will have incentive to keep their buildings in repair. Destructive tenants can be removed. And the poor—instead of suffering the stigma of living in public housing—might take better care of where they live.[8]

Liberals are far from persuaded.

> The best kept secret about public housing is that most of it actually provides decent, affordable housing to many people. Properly run, it remains one of the best options for housing the poor. There are about 1.3 million public housing apartments and about 800,000 families on the waiting lists of the nation's 3,060 local housing authorities. (Atlas and Dreier 1992, 75)

The Truman Presidency

New government programs are rarely new. They usually depend for inspiration and legitimacy on programs previously established. New programs build on the old by layering new purposes on old programs and by altering their scope. And if the old program is one that engendered fierce ideological debate, the new program will usually carry the scars of those old debates. Such was the case with urban renewal (Greer 1965).

The 1949 Housing Act was an amalgam of three purposes: low-rent housing for low-income families; slum clearance; and support for the private real estate market. The first two purposes were more or less compatible. The third was not. Taken together, the three were to produce a highly volatile politics.

Under the 1949 Housing Act, the Housing and Home Finance Agency (HHFA) was empowered to offer grants-in-aid to local public agencies; these agencies would purchase blighted, inner-city property and sell it to private developers, who in turn would raze decaying buildings and construct in their place low- and medium-cost housing. To induce private developers to take part in the program, local agencies were empowered to use federal money to "write down" acquisition costs by buying sites at fair market value and selling them below cost to private developers. A 1954 amendment to the Housing Act shifted the emphasis from destruction and reconstruction to renovation, giving rise to the term *urban renewal.* This amendment also allowed 10 percent of funds to be used for nonresidential construction; by 1961, the allowance had been raised to 30 percent. And while urban renewal money was not given merely for the asking, it was reasonably available to those cities with trained grant writers: Between its enactment and 1974, the Housing Act of 1949 provided $7 billion to over two thousand projects.

Under these arrangements, urban renewal stirred up strenuous and often acrimonious politics. In city after city, old neighborhoods resented and resisted being designated as slums. Neighborhood groups pressured the city council to look elsewhere for slum clearance. Chicago's

experience was typical. All through the 1950s, its politics was dominated by issues of urban renewal (Meyerson and Banfield 1955). In the abstract, urban renewal might be splendid, but in practice it was an election death knell for any city council member who failed to resist efforts to put it in his or her ward.

Even more daunting for elected officials than the prospect of razing a neighborhood was the certainty that a slum-cleared area would be a devastated area for years to come. New construction would not (could not) begin anytime soon. Ten years from start to finish was a realistic timetable. Daunting, too, was the fact that those moved out of areas slated for renewal were the city's poorest residents. And for the most part, they were black as well. In Detroit, 8,000 housing units were demolished; New Haven lost 6,500 units; and Newark lost 12,000. In Cincinnati, 20,000 housing units were demolished, many of them in Kenyon-Barr, Cincinnati's oldest black neighborhood. In addition 300 commercial establishments and 500 shops, churches, and other nonresidential facilities in the neighborhood were razed (Halpern 1995). Nationwide, 63 percent of the families that were displaced through urban renewal were nonwhite (Frieden and Sagalyn 1989). Those displaced were not going to be welcome in white neighborhoods. And threats were in the air that force would be used to keep displaced blacks away (Kaplan 1963, Henig 1985).

Still another issue roiled the waters of a proposed urban renewal project: What would replace the old slum area? In most cities (and Chicago was typical), run-down areas border the CBD. To the business groups that dominated the CBD (department stores, hotels, restaurants, office buildings, theaters) and to business-oriented interest groups (e.g., the chamber of commerce, the board of realtors, and newspapers), the answer was obvious: rebuild and revitalize the CBD.

Their arguments were difficult to assail. Chicago depended on the CBD-the famed Loop-for its economic good health and for its sense of civic identity. Moreover, if the city was to stop losing its middle class to the suburbs, it would need to upgrade close-in neighborhoods and attract the middle class back toward the CBD (Sanders 1980, Mayer 1978).[9]

The issues and arguments of urban renewal in Chicago were typical of what went on in other cities. However, their resolution in Chicago was much more decisive-thanks to the power of Chicago's political machine. Urban renewal would concentrate first on downtown renewal, and if it extended into residential neighborhoods, it would be mostly confined to black neighbor- hoods. (That, of course, is what we encountered in the earlier discussion of New Haven's urban renewal.)

Nationwide, and in about a decade (from 1950 to 1960), urban renewal restored down about 126,000 housing units, most of which were

substandard. Using this measure, supporters give high marks to urban renewal. But fewer than 30,000 housing units replaced those torn down, and of these, relatively few were low-income units. As is often the case with government policy that combines antithetical purposes, urban renewal has had paradoxical outcomes. Initiated with liberal intentions to further social equity, urban renewal ended by becoming what Martin Anderson (1964) called "the federal bulldozer." It decreased the stock of housing available to the nation's poor; it sent black families from poor housing into poorer and even more overcrowded housing; it expanded the nation's reliance on filter-down housing; it rebuilt the CBD; and-paradox on paradox-it enriched the private real estate industry.

Although the best-known federal program, urban renewal was not the only program to provide cities with grants. During the Truman presidency, between 1946 and 1952, 71 federal grant programs were authorized; and during the Eisenhower presidency, 61 new authorizations were added, for a total of 132 grant programs in 1960 (Walker 1981). One major, albeit indirect, program, the Hospital Survey and Construction (Hill-Burton) Act of 1946, funded states to inventory their hospital facilities and needs, and where necessary, to construct public and private hospitals. Most of this money was channeled through cities, and by 1960, forty-four hundred construction projects had been approved at a cost approaching $1.2 billion (Bingham et al. 1978).

The Johnson Presidency

Lyndon Johnson's presidency coincided with a time of turbulent, mass-action politics: student takeovers of college campuses; demonstrations against the Vietnam War; protests and marches against hunger in America; and marches, sit-ins, sit-downs, and lie-ins to overturn racial segregation in the South and racial insults in the North. Against this backdrop, the Johnson presidency provided leadership for two far-reaching packages of legislation—the civil rights acts of 1964 and 1965 and a variety of legislative actions widely known as the Great Society Program.

Cause and effect in policymaking can be traced only with uncertainty. Policy proposals do not rise high on the legislative agenda until public attention turns them into issues. And issues do not get translated into policy until they can command a significant measure of public support. Thus, the marches and protests of the early 1960s no doubt helped set the stage for the civil rights acts of 1964 and 1965 and the Great Society Program.

Especially important for the civil rights acts was the role played by television in arousing the conscience of the nation against racial discrimination. Beginning with television coverage of the bus boycott by blacks in Montgomery, Alabama, in 1955-56, viewers nationwide came into visual con- tact with racial segregation in the South. And what began as more or less detached curiosity turned into public dismay and mounting anger as the camera eye caught scenes of peaceful civil rights marchers knocked to the ground by fire hoses and attacked by police using clubs, cattle prods, and dogs.

What was being protested was an iron-bound discrimination in the South: laws that required blacks to ride at the back of trains and buses, use separate toilets and drinking fountains and confine themselves to separate waiting rooms in public places, stay out of all-white restaurants, marry only blacks, and enroll only at all-black schools and colleges. Equally important was a network of laws and customs (backed by threats of violence) that excluded blacks from voting. In the North, as an aroused national conscience was becoming increasingly aware, segregation was based primarily on social practice, not law. But custom was almost as effective as law in creating all-black neighborhoods, and all-black primary and secondary schools.

The Civil Rights Acts of 1964 and 1965

The vote is the most powerful instrument ever devised by man for breaking down injustice and destroying the terrible walls which imprison men because they are different from other men.

Lyndon Johnson, Address on voting rights, August 6, 1965

The Civil Rights Act of 1964 and the Voting Rights Act of 1965 were the most comprehensive attempts by the national government in a hundred years (since the post-Civil War's Reconstruction era) to make good on the promises of the Fourteenth and Fifteenth Amendments to the Constitution. Among their many provisions, they guaranteed blacks equal access to public accommodations and equality of employment opportunities. They required all state officials to administer registration and voting laws in a nondiscriminatory manner (banning discriminatory literacy laws as a condition of voting), and they authorized the U.S. district courts to suspend, where necessary, local registrars from office and to appoint federal examiners to supervise the election process.

Old practices and reigning social outlooks die hard, and the transition from a color-biased society to a color-blind society is far from

complete. Nor have the great changes of the past twenty-five years come easily. (Constant litigation has been part of this transition.) Among the important consequences of the civil rights acts of 196-J. and 1965 has been the coming to political office of black city officials all across the country and the belief of black and other minorities that in city politics, as elsewhere, participation is a key to social and political change. But electoral equality does not necessarily translate into social equality. Or put differently, the dominant market emphasis of our political tradition couples with the power of the business entrepreneur to make it likely that, left to their own initiatives, cities will develop agendas and policies promoting economic development in the private sector over social development for the poor (Bolland and Selby 1988). Aware of these realities, the federal government pushed forward the programs of the Great Society.

The Great Society

Ever since Franklin Roosevelt, presidential speechwriters have strained to create the *magic phrase* that captures popular imagination, commands voter support, and remains fixed in public memory. Lyndon Johnson's speechwriters hoped that they had discovered the magic phrase when the president declaimed in a New York speech on May 28, 1964:

> So I ask you tonight to join me and march along the road to the future, the road that leads to the Great Society.

As Johnson and his advisors saw it, the Great Society would go the New Deal one deal better. It would be guided by the polestar of liberal aspiration, equality of outcomes. And guided by that aspiration, from 1963 to 1967, Congress legislated 209 new grant programs, 70 of which provided direct disbursement of funds to cities (Walker 1981). These included the Economic Opportunity Act of 1964, which created the Office of Economic Opportunity (OEO) and provided funding for such programs as Head Start and Community Action Programs; the Elementary and Secondary Education Act of 1965, which provided grants to public schools to assist in the education of economically disadvantaged children; public housing legislation, passed in 1968, to provide housing subsidies; a 1965 amendment to the Social Security Act establishing the Medicaid Program, which was administered through state agencies to provide medical assistance to the indigent; and the Demonstration Cities and Metropolitan Development Act of 1966, which funded the Model Cities Program. Arguably the most important of these for America's cities were the Economic Opportunity Act, which initiated the Johnson

administration's War on Poverty and the Model Cities Program. For the first time in the long development of national policy, city problems were pro- claimed a matter of national public policy. (Previous programs had addressed city problems, but only indirectly. They aimed at helping those who lived in cities, not cities per se.) And even more of a departure from the past, the War on Poverty and the Model Cities Program did what no national legislation had ever done before. They gave the poor a direct vote in government programs intended to afford them a better life.

The War on Poverty. Floated with appropriate rhetoric ("For the first time in our history it is possible to conquer poverty....") the Economic Opportunity Act (EOA) was committed to a theory of social causation that saw poverty as *structural* rather than personal. This theory holds that the causes of poverty do not lie with the person (as a result of such factors as lack of ambition or bad luck); rather, it asserts, the poor are victims of the society that has created the circumstances of poverty-bad housing, poor education, prejudicial hiring practices, poor health care, and so on. Structural conditions help foster a culture of poverty wherein poverty gets passed from one family generation to the next (e.g., Ryan 1976, Piven and Cloward 1971).

Thus, the War on Poverty was fought not only by giving material benefits to the poor (e.g., food stamps, school lunches), it was also fought by attempting to pull the poor out of their culture of poverty. The Head Start Program provided pre-kindergarten schooling for poor children so they would be better prepared for first grade. The Upward Bound Program encouraged poor children to set their sights on college by means of special counseling and by visits to and study on college campuses. The Adult Workshops Program taught job applicants the importance of good work habits, and similar programs created job workshops to teach employable skills. Volunteers in the Vista Program (a domestic counterpart of the Peace Corps) went to the inner cities to assist the poor toward managing their daily lives better; and lawyers in the Legal Services Program set up storefront offices to help the poor thread their way through government bureaucracies, claim legitimate welfare benefits, and (in many instances) protect themselves from predatory landlords and police harassment.

In what turned out to be two of the most controversial aspects of the War on Poverty, state and city governments were bypassed in favor of direct links between federal agencies and the urban poor, and the poor were given a direct voice in managing poverty programs through the Community Action Program (CAP).

The Community Action Program required the establishment of

Local Community Action Agencies (LCAAs) that would make decisions dealing with coordination of

> the delivery of services in their [local] neighborhoods, make decisions regarding the specific mix and style of programs undertaken, and provide the poor with a greater sense of involvement and commitment. (Henig 1985, 103)

Providing the poor with a sense of involvement and commitment was in keeping with a theory of structural poverty and its concern to break the poor free of their culture of poverty. (To take charge of one's own life, to acquire a sense of one's own efficacy is, after all, the embodiment of the self-reliant person, able to rise above structural constraints.) And to this purpose, the law creating CAP had mandated "maximum feasible participation" by all those benefiting from the program—which was translated into a requirement that representatives of the poor serve as voting members of LCAAs (Moynihan 1969).

Just who found their way onto the governing boards of LCAAs is still a matter of controversy. The method used for putting "people's representatives" onto the LCAAs varied widely. Elections were a common method, but even more common was low voter turnout. Most observers conclude that those who served on the LCAAs were not typical of the urban poor, but were "poverty entrepreneurs" who used entry into the LCAA as foothold for entry into other enterprises (e.g., the permanent bureaucracy, politics, and business—especially the business of operating job workshops paid for by the War on Poverty). On these terms, CAP may not have given most of the urban poor a sense of control over their lives, but it did provide opportunity for many to rise up the social and economic ladder.

As to bypassing state and local governments, Dennis Judd (1988, 316) reckons that

> of all community action funds spent by OEO by 1968 only 25 percent were given to public agencies at all, the remainder going to private organizations, including universities, churches, civil rights groups, settlement houses, family service agencies, United Funds, or newly established non-profit groups.

Understandably, city officials and city politicians were upset by the presence of and funding for LCAAs. Not only did they bypass the city's fiscal structure, they were creating a new group of politically important persons, operating outside the ordinary arrangements of city politics.

Congress responded by passing legislation to rein in OEO's poverty warriors and blunt their lances. Henceforth, all OEO agencies would be required to work with elected city officials and their administrative departments.

Model Cities. Mindful of the whirl of uncoordinated activities that marked the work of LCAAs, a President's Task Force on Urban Problems (appointed in 1965) recommended a concerted effort in selected areas within a few selected cities. The objectives were:

> to completely eliminate blight in the designated area, and to replace it with attractive, economical shelter . . . [thus changing] the total environment of the area affected, with ample provision of public facilities, schools, hospitals, parks, playgrounds, and community centers. (Haar 1975, 296)

In this way, the selected areas would serve as path-breaking experiments, demonstrations for future urban programs.

These were ambitious goals, and the Demonstration (Model) Cities Act of 1966 contained the following words:

> The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. (Public Law 89-754)

But between the ambitions of the president's task force and the realities of congressional politics, several important changes were made in the Model Cities Program. First, and as might be anticipated, few members of Congress were willing to support a program that omitted important cities in their districts. Thus, the legislation was extended to invite the participation of every city in the United States. (By late 1966, sixty-three cities had been awarded Model Cities planning grants, and during 1968, another eighty-seven were approved.) Second, and mindful of the tension between city officials and LCAAs, Model Cities implementers, located in the recently created Department of Housing and Urban Development (HUD), made it a point to require that every city's demonstration agency be closely connected to the decision-making power of elected city officials.

The funding for the Model Cities program was generous but not exorbitant. Congress had appropriated $1 billion for the first three years of Model Cities, but this was to be spread over sixty-three cities. (By way

of comparison, it is estimated that in a single year, 1967, $20 billion was spent on a single "federal program," the Vietnam War.) The federal government would contribute 80 percent of each city's matching contribution to all other federal grants being used in the demonstration area. And cities would have considerable discretion in using federal "demonstration dollars." Thus, a city might use federal money in place of its required contribution to a grant-in-aid, or it might underwrite projects not federally funded, but needed by the city—such as improving refuse collection or playground equipment.

Given this funding arrangement, and given, too, Model Cities' provision for control by elected officials, two results were likely—if not inevitable. First, participation by residents of targeted areas was far less than under the Poverty War's Community Action Program. And second, city officials were understandably given to spending Model Cities money less on services for the poor and more for such established city services as schools, police, sewage, and sanitation.

Model Cities as exemplar: What's wrong with grants-in-aid. Overall, Model Cities had promised much but delivered relatively little. Urban services were assisted, and targeted areas were improved. But slums remained slums, and the quality of life in the inner cities was not much altered. Four factors account for the failure of the Model Cities Program to deliver what it promised. First, although applications were to be evaluated on their merits, the final decisions were largely political (Harrigan 1985). Most of the sixty-three cities chosen to participate in the program in 1966 were large urban centers with representative urban problems, but several were conspicuously different. For example, Smithfield, Tennessee, home of the chairman of the House Appropriations subcommittee that oversaw the HUD budget, was chosen. Montana, home of Senate Majority Leader Mike Mansfield, saw two of its cities selected; and Maine, home of Edmund Muskie, the bill's floor leader, contributed three more. These instances reflected a general pattern in which the neediest cities did not necessarily get the most money in federal grants. Rather, the funding of project-based, categorical grants is largely driven by a "pork-barrel" mentality, where a representative or a senator can parlay funded projects back home into votes in the next election.

A second deficiency demonstrated by the Model Cities Program was lack of federal coordination. One of the purposes of the program was to coordinate a number of federal programs channeling funds into urban neighborhood redevelopment; it attempted to accomplish this through its stipulation that model cities were to receive priority in getting related grants from other government agencies. But, for the most part, this

intended cooperation never occurred, and various agencies continued to set their own priorities. It became clear that urban problems were not one-dimensional but rather multidimensional. Urban neighborhood decay, for example, was not simply a function of deteriorating buildings but also of crime, poverty, lack of education, and a host of other social maladies that combined in complex ways to create the problem. And it became equally clear that the vast federal bureaucracy, with its various autonomous agencies and fiefdoms of power, was not capable of mounting a comprehensive and coordinated effort to address simultaneously the multiple components of the problem.

A third difficulty of categorical grants-in-aid, relevant to the Model Cities Program and also to most other programs, was their matching requirement. Urban Renewal, for example, provided cities with vast amounts of money to tear down or renovate their slum areas (although, in some cases, cities were allowed to count improvements for schools and parks as part of their match), and with such a carrot few cities could refuse the opportunity to apply for funds. But for each million it received in federal dollars, a city was required to put up between $250,000 and $333,000 of its own money. Thus, municipal priorities were often shifted away from the development of parks or the construction of roads or libraries to the construction of office buildings and department stores.

Finally, the Model Cities Program, as well as other categorical grant programs, demonstrated the difficulties of excessive *conditionality* on intergovernmental funding. The federal bureaucracy tends to be insulated from local politics, and many of the conditions attached to categorical grants assumed that the application for federal dollars (a political activity) could be divorced from the administration of those funds (a bureaucratic activity). Yet, this politics-administration dichotomy is not functional at the local level, and politics tinges virtually all administrative decisions. Thus, the ability to spend grant money in a way that simultaneously addresses local problems and conforms to local political norms may be constrained by federal requirements, often leading to political squabbles and roadblocks that prevent funds from reaching targeted populations and areas at all. For example, in 1951 Toledo received federal urban renewal funds earmarked for the Chase Park project. Eleven years later, the *Toledo Blade* Qune 27, 1962, 20) wrote,

> The Chase Park project may look simple on paper, but it's hard to recall a single undertaking in recent years that got bogged down in such a mass of confusions, frustrations, blunders, and boo-boos as has struck activities in Chase Park.[10]

Stinchcombe (1968) argues that the project failed largely because of political squabbles it raised.

The Nixon Presidency: A Change in Approach

All in all, the Great Society period was a time of rising federal aid to cities. The change in public mood signaled by the election of Richard Nixon ushered in a new approach to federal spending on cities. Ever since Franklin Roosevelt, a mainstay of the major conservative tradition has been mistrust of national power and a yearning for the old federalism, in which power and pol- icy initiatives lie with the states. Some of this yearning is rooted in fears of an overly powerful national government. Some is rooted in a conservative tradition that dislikes social experiments. (State governments, historically, have not been much given to social experiments.) And still another source of this yearning is rooted in economic self-interest, tied to the historical fact that states have been less willing than the national government to interfere with private-sector economics .

But whichever tradition of conservatism most animated them, Presidents Nixon, Ford, Reagan, and Bush (as did President Eisenhower before them) spoke of turning back the rising tide of government, "getting the national government off our backs and out of our pocketbooks." The Nixon version of federalism was built on the idea of "sorting out" the functions of government. The national government, said the president, ought to do what it does best: raise money and distribute it to state and local governments to do what they do best—solve state and local problems. But even so, Nixon was sensitive to the special needs of cities, and during the Nixon and Ford administrations federal aid to cities achieved its highest levels ever (Ames et al. 1992). It is in this context that we can understand the Nixon program for an altered federalism to be accomplished not by cutting funds but rather through the increased use of block grants and a program of revenue sharing.

Block Grants

President Nixon inherited two block grants from the Johnson administration. The Partnership for Health Act of 1966 consolidated seventeen separate categorical grant programs into the Partnership for Health block grant, whose purpose was to help localities develop comprehensive health plans. And the Omnibus Crime Control and Safe

Streets Act, passed in 1968 in the wake of the urban riots, established the Safe Streets block grant to assist state and local governments in the development of innovative crime control programs. In addition, at Nixon's urging Congress passed the Comprehensive Employment and Training Act (CETA) in 1973 and the Housing and Community Development Act in 1974. The latter consolidated into the Community Development block grant seven on-going grant-in-aid programs, including Urban Renewal, Model Cities, water and sewer facilities, open spaces, rehabilitation loans, and public facilities loans; it represented "a watershed in the development of federal grant programs directly aiding the cites" (Brown et al. 1984, 27). The Comprehensive Employment and Training Act ran parallel administratively to the Housing and Community Development Act, replacing the Great Society programs that provided job counseling and training and on- the-job work experience.

A blurring of purpose: The problem with block grants. With the advent of block grants, several of the problems associated with categorical grants-in-aid were circumvented. But an analysis of the Safe Streets, Community Development, and Comprehensive Employment block grants suggests that they were not without their own problems. Chief among these was the latitude that localities were given in using the funds and the extent to which congressional purpose was ignored. For example, the Safe Streets Act established the Law Enforcement Assistance Administration (LEAA), which was charged with three major responsibilities: (a) to encourage states and localities to prepare and adopt comprehensive plans based on an evaluation of state and local needs; (b) to authorize action grants to states and localities to implement these plans; and (c) to encourage research on innovative approaches to the prevention and reduction of crime.

However, although eligibility requirements were established, LEAA was lax in providing guidelines for program development. As a result, action grants were often applied to marginally relevant programs. For example, California spent $75,000 to study learning problems of kindergarten children, and New York approved $216,000 to fund a youth employment service project; such actions led the General Accounting Office to conclude that as much as 30 percent of the funds allocated to California and New York had been spent on inappropriate projects. In addition, planning requirements were often overlooked in the allocation of funds under the block grant, and state and local plans tended to be insufficiently thought out, poorly developed, and only loosely followed. As a result, much of the allocation to localities was spent on hardware (e.g., helicopters, automobiles, firearms and ammunition, computer

information systems, communication control systems, police radio equipment, and electronic surveillance equipment) without concern for either need or interagency coordination (Palley and Palley 1981).

The Community Development and CETA block grants suffered from a similar distortion of purpose. With funds from these grants firmly in the hands of elected city officials, traditional city politics came to the fore. Federal funds were spent more on traditional city services than on services for the poor (not because elected officials were indifferent to the needs of the poor but usually because every city is constantly short of money for basic city services). And in many cities, the CETA program was turned from job training into public-works employment. For instance, cities used the better educated CETA trainees as substitute help in city departments, and they used younger, less educated trainees for general maintenance and cleanup work (Aronson and Hilley 1986). Several studies of the Community Development block grant (Brown et al. 1984, Goldfield 1993, Miranda and Tunyavong 1994) found similar abuses, with political considerations guiding the choice of projects far more than level of neighborhood need.[11] While turning over the grants to local control remedied one of the objections to categorical grants-in-aid (they ignored the reality of local politics), it also violated congressional intent.

In all four of the block grants, Congress eventually intervened to tighten requirements on the use of funds. Consider the Safe Streets block grant: Following the publicity that surrounded its abuses, Congress passed the Crime Control Act of 1973, which revised the grant substantially. First, the legislation strengthened the planning requirements by mandating that localities with more than a quarter million people submit comprehensive plans with their applications for pass-through funds (i.e., funds received by the states but designated for cities). This requirement was designed specifically to curb the uncoordinated purchase of police equipment. Second, a number of specific project grants were incorporated into the block grant; for example, the federal government would provide 90 percent of the funding needed to implement programs to strengthen public protection, recruit and train personnel, provide public education for crime prevention and police-community relations, and develop neighborhood crime prevention councils. In addition, it would provide 50 percent of the funding necessary to construct correctional facilities, centers for drug addicts, and temporary courtroom facilities. Finally, increased reporting and review requirements were instituted. For example, applicants were required to certify compliance with twenty-seven federal statutes addressing such issues as animal welfare, historic preservation, clean air, safe drinking water, solid waste disposal, and discrimination

(Walker 1981). With these changes, the Safe Streets block grant largely reverted back to a series of categorical grants over which the federal government retained substantial control. The Partnership in Health block grant underwent almost identical modifications, with Congress adding eighteen separate categorical grant programs as supplements and extensions between 1970 and 1976 (Bingham et al. 1978). So, too, increased regulation was added to both the Comprehensive Employment block grant and the Community Development block grant over the next few years.

Revenue Sharing

In spite of the apparent popularity of block grants, or perhaps because of the local abuses to which they were subjected, block grants never really replaced categorical grants as a mechanism for intergovernmental funding. In 1966, before the Partnership in Health block grant, categorical grants accounted for 98 percent of all federal assistance to states and cities.[12] This figure had declined to 72 percent by 1977 (Bingham et al. 1978), but by 1980 it was back up to 80 percent (Walker 1981). Further, not all of this erosion was due to the introduction of block grants. In 1972, Congress passed the State and Local Assistance Act, which provided $30.2 billion over a five-year period in unconditional, general purpose grants to states (33 percent) and localities (66 percent). In 1976, the allocation was extended for an additional five years at the same level. These *revenue sharing funds* were allocated according to a formula based on population, per capita income, and tax effort. And because of their unconditionally, they were vigorously embraced by the Nixon administration. The act gave mayors and councils a good deal of discretion in spending the money they received. And for the first time, "all subnational general-purpose governments were made part of the federal aid system" (Brown et al. 1984, 27). Cities benefited greatly from the flexibility provided by general revenue sharing funds. These unconditional grants provided 43 percent of all direct federal aid to cities in 1974, although this figure declined to under 30 percent by 1975 and stabilized at approximately 23 percent by 1980. Over its first decade, general revenue sharing funds accounted for between 3 percent and 4 percent of total municipal revenues. Most cities used this income for capital improvements, for example, the construction of a new city hall or a new water treatment plant. Some, however, used the additional funds to reduce property taxes or delay tax increases.

Even in this least restrictive of federal aid programs, the federal government imposed a number of restrictions on the expenditure of

revenue sharing funds. For example, they could not be used to match federal categorical or block grants or to retire municipal debts. Further, localities were required to establish mechanisms for citizen participation, provide audits of expended funds, comply with prevailing wage scales for construction workers, and protect against discrimination in the recruitment of various population groups (Walker 1981).

Revenue sharing continued in conjunction with block grants and categorical grants through the Ford and Carter presidencies, and the first years of the Reagan presidency, with few substantive changes. However, since revenue-sharing funds remained fixed at 1972 levels, their importance to cities declined with the ravages of inflation (each revenue-sharing dollar allocated in 1983 purchased only 43 percent of what it would have bought a decade earlier).

Presidential Policies after Nixon

The Presidencies of Gerald Ford and Jimmy Carter

Gerald Ford, in filling out Richard Nixon's remaining term in office, modified little of his predecessor's philosophy. His one important contribution to federalism occurred when he refused to bail out New York City from its near bankruptcy in 1975, reaffirming the Republican belief that local matters are best handled at the local level.

In 1977, Jimmy Carter made a well-publicized visit to a devastated, abandoned, and burnt-out neighborhood in South Bronx. There he promised a national urban policy that would turn around the nation's inner cities through public-private initiatives. The centerpiece of this policy was the Urban Development Action Grant (UDAG) program. These grants were intended to create new jobs in distressed cities through public-private partnerships; local governments were required to negotiate "deals" with private firms to locate or expand in their cities in exchange for low-interest loans, grants, and/ or construction of needed infrastructure using UDAG funds. In addition, many cities were able to establish revolving loan funds, with money paid back by one borrower used to make loans to another. Although the UDAG program was terminated in 1989, revolving loan funds started with UDAG money continue in existence; by the mid-1990s, cities have received more than $1 billion in loan repayments, and another $1.5 billion is due (Watson 1995). UDAG funds could be used for a variety of purposes, but most went toward commercial development. For instance, New York City used 80 percent of its eighty-five UDAGs to underwrite commercial development and 20

percent to underwrite housing development; and one-third of the first fifty UDAGs awarded in 1978 were earmarked for hotels and convention centers (Frieden and Sagalyn 1989, Rogowsky and Berkman 1995).

Perhaps more than anything else, however, the Carter presidency was marked by growing inflation and general fiscal strain, which was felt keenly in America's cities; in this climate, few urban success stories were likely, and few occurred. Partly as a result, the Carter White House became increasingly ambivalent toward urban areas, and by 1979 it had moved away from a specific urban policy in favor of a national economic policy under which presumably all cities would benefit (Ames et al. 1992).

The Reagan and Bush Presidencies

President Reagan's policy priorities were not with urban affairs. And true to Reagan's belief that grants-in-aid were not to be encouraged (or perhaps even countenanced), during his presidency seventy-seven urban grants-in-aid were consolidated into nine block grants, and federal spending was reduced by 25 percent. During this period, increased spending for national defense, combined with tax cuts and a rising government deficit, required that cities learn to make do with less federal money. To make matters worse, remaining federal aid to cities followed the population to the suburbs, with suburban governments receiving a larger portion of grant money in 1992 than in 1980 (Parker 1995). This state of affairs has marked federal-city relationships ever since.

The Clinton Presidency: Advancing toward the Year 2000

Bill Clinton's presidency was marked by an eclectic approach to implementing the new federalism, one resulting from a unique combination of circumstance and ideological orientation. As a Democrat, Clinton attempted to bring cities (and the urban constituency) back into the national government's agenda, and he has championed a set of city-oriented proposals that passed through Congress early in his presidency. These include the AmeriCorps Program, designed to provide young people with an opportunity to serve their communities in exchange for college tuition, and a tough crime bill intended to restrict the availability of handguns and assault weapons, and to add 100,000 officers to the ranks of city police departments. Clinton's agenda also included a promise to end welfare as we know it, reflecting a growing frustration (both within the Democratic Party and the nation) with the inability of the existing welfare program to ameliorate poverty in the United States. Two years

into the Clinton presidency, the Republican Party captured both houses of Congress, and it pushed its own agenda for change (extending further the priorities of the Reagan and Bush presidencies to create a smaller, less intrusive national government). Faced with pressure to balance the budget and with legislation that would have largely dismantled the federal role in the welfare state, Clinton signed a welfare reform bill in 1996 that would give to the fifty states (in the form of block grants) funds to develop their own unique welfare programs. Thus, the Clinton presidency has been marked by both expansions and contractions in the federal role in urban affairs.

One of the battles yet to be decided, however, concerns unfunded mandates. In recent years, Congress has taken to cutting federal spending and setting urban policy through these mandates: On pain of losing existing and future grants, cities are ordered—mandated –to take specified actions but without using federal funds to pay for them. There is considerable disagreement about exactly how big a burden this is, with different studies estimating that between 20 percent and 90 percent of municipal budgets are in response to federal and state mandates (Berman 1996). One example of an unfunded mandate is the Americans with Disabilities Act of 1990, which requires states and local governments (under threat of forfeiting federal grants) to guarantee that handicapped persons are not impeded by stairs too high to climb, by toilets too difficult to use, or by alarm buttons too far to reach. And however laudable these mandates,

> state and local governments no longer have the right to decide how much compassion for the disabled they can afford in the light of competing supplications for compassion by other groups. (Lorch 1995, 36)

In recent years, mayors and governors have protested vigorously against unfunded mandates, and Congress passed the Unfunded Mandate Reform Act of 1995. Although this legislation makes it more difficult for Congress to impose unfunded mandates on cities and states in the future, it does nothing to provide relief from existing mandates, and the issue is likely to be revisited as fiscal pressures at all levels of government continue.

The Supreme Court's Urban Policies

The United States Supreme Court has also been a major actor in creating

policies that directly affect the cities. Most such policies are those involving racial and ethnic discrimination, and they come mainly from the Court's interpretation of the Fourteenth Amendment, which reads in part:

> No State shall make or enforce any law which shall abridge the privileges and immunities of Citizens of the United States; nor shall any State deprive any Person of life, liberty, or property without due process of law; nor deny to any Person within its jurisdiction the equal protection of the laws.

Cities, as agents of their states, thus come under the provisions of the Fourteenth Amendment.

Supreme Court rulings have affected cities directly and indirectly in a number of different areas: law enforcement protocols and the rights of the accused, zoning and residential segregation, protocols for the targeting and delivery of municipal services, school desegregation, and affirmative action. We will consider three of these areas in the following discussion.

School Segregation

Although the Fourteenth Amendment was ratified in 1868, for three-quarters of a century the Supreme Court gave it only the most timid reading, preferring to let social practice and state discriminatory laws stand.[13] Then, after World War II (fought, after all, in democracy's cause), the Court began interpreting the amendment more vigorously. Several decisions struck down blatantly discriminatory housing practices (these will be considered in the next section). But no plain reading has had greater impact on cities than the Court's new approach to state-mandated school segregation. The bombshell case was the now-famous *Brown v. The Board of Education of Topeka.*[14] In that case, the Supreme Court overturned what had been an undemocratic and unhappy fixture of American life—the legality of state laws that provided for separate education for blacks and whites. Such separation, said the Court in its *Brown* ruling, "had hung the badge of inferiority on Negro children."

> To separate them from others of similar age and qualification solely because of their race generates a feeling of inferiority that may affect their hearts and minds in a way unlikely ever to be undone.

Public anger in the South, where segregated schools were almost everywhere the law, went quickly beyond mere indignation and

denunciation of the Court. The language of the *Brown* decision was vague, calling only for a prompt and deliberate start to desegregation. This encouraged some school districts, particularly in the South, to resist integration through a number of different ploys. Most blatant was Arkansas Governor Orville Faubus's decision to close the schools in Little Rock rather than integrate them; this was overturned by the Supreme Court in 1959.[15] Other states employed more subtle, although ultimately no more effective, means to delay or circumvent the integration order (Lord 1977, quoted in Johnston 1984): Mississippi, for instance, passed legislation claiming that *Brown* did not apply there. Virginia disbanded its public education system, replacing it with grants to whites attending private schools. Georgia's legislature declared the Court's decision to be null and void and of no effect in the state; and Louisiana made desegregation by school officials

> a crime, placed control of New Orleans' schools in a special legislative committee, and denied accreditation, free textbooks, and financial aid to desegregated schools. (Kelly and Harbison 1955, 952)

All of these efforts to maintain segregated school districts were overturned in the courts (see Johnston, 1984, for citations). In short, the courts had ruled that students have the right to attend the school nearest their residence.

By 1969, the Supreme Court had replaced its "all deliberate speed" criterion *(Brown)* with one requiring "immediate operation of unitary school systems."[16] While that decision seemingly laid to rest the question of *de Jure* segregation, it left the question of *de facto* segregation unanswered (and unaddressed).[17] From that point forward, however, the focus of the courts changed to *de facto* segregation: What should be done when segregated housing patterns create segregated school districts? In two 1971 decisions, the Supreme Court concluded that busing was the answer, specifying that students in all black or all-white catchment areas should be bused to other schools to achieve racial balance.[18] With these decisions, the Supreme Court turned over to federal district courts the responsibility for implementing *Brown,* instructing them to get on with the job of desegregating the schools "with all deliberate speed."

One by one, and case by case—sometimes school district by school district—the federal courts had forced integration on the South. But until the 1970s, judicial interventions had been confined largely to the South. There, federal courts had intervened against state statutes and city ordinances used to maintain segregated schools. Then the issue of

segregated schools moved north. In the 1970s, the Supreme Court began hearing school cases in northern cities, and it affirmed its earlier decisions[19] by ordering district-wide busing in cities (e.g., Denver,[20] Dayton,[21] and Columbus, Ohio[22]) where it found a pattern of segregation that had been aided by past or present school board actions. "Desegregation plans," said the Court, "cannot be limited to the walk-in school."[23]

However, the Supreme Court has been unwilling to take a next step, requiring metropolitan-wide busing to rectify racial disparity *among* metropolitan school districts. In a test case, the U.S. Supreme Court overruled lower court decisions requiring busing among the Detroit School District and fifty-three suburban school districts serving the Detroit metropolitan area.[24]

Housing Patterns and Residential Segregation

Restrictive Covenants. Until the middle years of this century, cities employed heavy-handed approaches to keeping minorities and the poor out of established white neighborhoods. In the late-nineteenth and early-twentieth centuries, for example, a number of municipalities (e.g., San Francisco, Baltimore, Atlanta, and Louisville) enacted ordinances mandating racial or ethnic segregation. These were uniformly overturned by the courts by 1920 (Rice 1968, Johnston 1984). As an alternative, cities, neighborhoods, and land developers fashioned a number of strategies for maintaining residential segregation. The most effective of these was the *restrictive covenant,* a formal and binding component of the deed of sale prohibiting the owner of land from certain specified activities or behaviors associated with the property. Some covenants prohibited the owner from selling property to members of specific racial or ethnic groups, for example blacks and Jews. Such restrictions were widespread in many major cities (Vose 1959). This practice was allowed to stand until 1948, when the United States Supreme Court, in *Shelley v. Kraemer,*[25] ruled it unconstitutional. By that time, however, housing patterns had largely been established in American cities, and once established they were difficult to break down.[26]

Zoning. One result of the *Shelley* ruling was that cities-particularly suburbs-invoked other, more subtle practices and ordinances to achieve comparable restrictive purposes, resulting in *de facto* segregation. Beginning in 1926, when it ruled in *Village of Euclid v. Ambler Realty* Co.,[27] the U.S. Supreme Court has consistently upheld the right of municipalities to regulate the use of their land as a means of ensuring the

public welfare.

In the years following *Euclid,* most urban governments have taken advantage of this right, for example, by enacting ordinances to designate certain areas as "industrial," others as "commercial," and still others as "residential." Within these broad divisions, cities have been able to designate subdivisions, for example, "light-industrial" versus "heavy-industrial" and "single-family residential" versus "multifamily residential." Even within these subdivisions, cities may set further restrictions on land use; for instance, many zoning ordinances specify minimum lot sizes, setbacks, side yards, and floor areas for specified single-family residential neighborhoods; others restrict trailer parks.[28] The result maximizes the preservation of housing values; but it also leads to class (and often racial) segregation. In some cases, in fact, zoning ordinances have been little more than thinly veiled racism. Even so, they have been justified by the courts in three ways.

1. zoning protects neighborhoods from unwanted externalities (e.g., noise, litter)[29]
2. the poor can equally well live elsewhere [30]
3. a law that disadvantages a particular group (e.g., the poor) does not necessarily deny equal protection[31]

The latter argument was used again by the Supreme Court in *Arlington Heights v. Metropolitan Housing Development Corp.*[32] Residents in Arlington Heights, a Chicago suburb, objected to the construction of a federally funded, high-density housing development on land designated for single-family residences. The city denied the Metropolitan Housing Development Corporation's request for a zoning variance, citing the availability of land already zoned for apartments. The Court upheld the city's decision, ruling that although it precluded predominantly black public housing recipients from locating in the area designated for single-fan1ily residence, this differential impact is insufficient evidence of intent. Rather, the Court argued, "proof of a racially discriminatory motive, purpose, or intent is required to find a violation of the Fourteenth Amendment" (Mandelker 1977, 1236).

One case where this burden of proof was met occurred in Black Jack, Missouri. In 1970, the Federal Housing Administration (FHA) approved a federally subsidized housing development to be located in Black Jack, an unincorporated area of three thousand people (93 percent of whom were white) located near St. Louis. Sponsored by the Inter-Religious Center for Urban Development, the project was to contain 108 two-story racially integrated townhouses in an area that had been

previously zoned for multifamily units.

Residents of Black Jack were angered by the proposal. Some spoke openly of their fears of bringing another Pruitt-Igoe to their neighborhood; others confessed even more openly of their fear of black intrusion. The residents petitioned the county commissioners for legal incorporation of Black Jack. The incorporation was granted and (as might be anticipated) the newly formed city council of the new town of Black Jack enacted a zoning ordinance that would keep new multiunit dwellings out of the city. As might be further anticipated, the zoning ordinance was challenged in the courts by the Inter-Religious Center and a number of outside groups pledged to the principle of racial integration. Thus, the *Black Jack* case was transformed from an issue of local politics to one of national importance.

In 1974 the U.S. Court of Appeals ruled against the city in favor of the plaintiffs,[33] and the Supreme Court denied petitions for appeals.[34] Bu t meanwhile, the time allotted for funding the proposed project had run out. Thus, Black Jack had its victory after all.[35] (On the *Black Jack* case, see Danielson 1976, and Kirby et al. 1982.)

The *Black Jack* case notwithstanding, the Court has consistently maintained that municipalities may zone as a way of ensuring economic homogeneity without violating the equal protection clause of the Fourteenth Amendment, even though race and income are highly correlated.[36] But a 1975 decision by the New Jersey Supreme Court raises questions about the long-term acceptability of zoning to keep out the poor. In 1975, the Court had ruled in *Southern Burlington NAACP v. Township of Mt. Laurel*[37] that the New Jersey Constitution, in providing its citizens the right to acquire, possess, and protect property, precluded municipalities from excluding the poor to keep property taxes low. The decision established:

> every developing municipality has an obligation to provide the opportunity for the satisfaction of its fair share of the regional need for housing of persons of low and moderate income. This "opportunity" must be provided through non-exclusionary (or "inclusionary") land-use controls and other "necessary and advisable" actions. (Bisgaier 1977, 140; quoted in Johnston 1984)

In other words, it established a precedent for protecting the poor as well as minorities from unequal treatment (at least in New Jersey). By the 1980s, the Court was dismayed to discover that municipalities were doing little to change their exclusionary zoning policies. However, the enforcement mechanism it provided-litigation-was unlikely to be effective for three

reasons (Bisgaier 1983):

1. there were few private litigants and no public litigants willing to undertake litigation;
2. litigation was costly and tended to drag on endlessly, and there was no guarantee of success in the lower courts;
3. recalcitrant municipalities had little fear of the consequences of losing suits, since they were in existence before the *Mt. Laurel* decision.

To remedy this situation, the New Jersey Supreme Court issued a second decision on Mt. Laurel *(Southern Burlington NAACP v. Township of Mt. Laurel)*[38]. In *Mt. Laurel II* (as it was called), the court changed the enforcement mechanism to a so-called builder's remedy: Builders who successfully litigate cases are granted approval, within certain limitations, of their proposed developments. This created an enormous incentive for builders to challenge vulnerable municipalities, creating overnight a large class of potential plaintiffs (Bisgaier 1983). The prospect of massive litigation prompted the state legislature to pass the New Jersey Fair Housing Act of 1985, which created the Council of Affordable Housing (COAH) to help increase the production of low- and moderate-income housing in the suburbs. By 1994, COAH had certified applications from 270 municipalities, with a potential for the construction of between fifty-four thousand and eighty-four thousand low- and moderate-income housing units (Haar 1996). The Council on Affordable Housing has reduced the need for litigation, and the time spent in litigation has dropped from an average of 9.0 years to an average of 1.4 years (Anglin 1994). Although the final implications are not yet clear, it seems likely that this ruling will create an incentive for municipalities to modify their reliance on exclusionary zoning. [39] And just as important, the courts in other states (e.g., New York; see Bellman 1983) have considered similar actions. Yet, given the conflicting standards set down by the U.S. Supreme Court in its *Arlington Heights* decision and the New Jersey Supren1e Court in its *Mt. Laurel* decisions, nationwide change in exclusionary zoning laws seem unlikely in the near future.

Affirmative Action

The intellectual roots of affirmative action lie ideologically in the idea of equality of outcomes. Blacks, Hispanics, Native Americans, and women are to have educational, career, and job opportunities in proportion to their numbers in the population, and they are to achieve those opportunities through affirmative government action. Affirmative action thus links to

the idea of fair shares and additionally to the concept of intergenerational equity (i.e., government must take action to compensate the present generation of minorities and women from the discriminatory behavior of the white, male society of generations past). But affirmative action also raises questions of equity and equality: Should one group (usually white males) be denied equal opportunity in order to redress another group's access to equality?

Affirmative action cases are of great importance to cities, particularly as they relate to municipal hiring practices and to the use of minority contractors. In the first instance, minorities argue that their underrepresentation in selected municipal departments (usually fire and police departments) is evidence of discrimination, and lower courts have often sided with the plaintiffs. In a typical case, the courts prohibited a city from hiring any new white police officers until its police department achieved a specified racial mix (e.g., 25 percent minority officers). This approach has been challenged in the U.S. Supreme Court,[40] where it was upheld. But the use of affirmative action guidelines in hiring decisions is far from settled, and Congress has debated legislation that would abolish its practice. As an ethical issue, it will continue to command attention in municipal personnel practices, and it is guaranteed to spark vigorous and contentious debate wherever it is considered.

The second area where affirmative action has import for cities is in the use of minority contractors. As black mayors and city council members have been elected in cities across the country, they have passed municipal ordinances that reserve ("set aside") a specified percentage of minority contracts for minority-owned businesses. In Richmond, for example, Mayor Roy West and the city council initiated an aggressive affirmative action policy that required public contractors to set aside 30 percent of subcontracts for minority-owned firms. Between 1983 and 1986, the percentage of contracts going to minority-owned businesses increased from 0.67 percent to 40 percent (Goldfield 1993). Other cities experienced similar expansion in their use of minority contractors under the leadership of black municipal administrations (see Rice 1993). But early in 1989, the Supreme Court ruled that Richmond's ordinance,

> similar to measures in effect in 36 states and nearly 200 local governments, violated the constitutional rights of white contractors to equal protection of the law. *(City of Richmond v. J.A. Crosson* Co.) [41]

The Court decreed that such set-asides were not in accordance with the Constitution unless it could be proved that they were a remedy for specific

(and specifically proven) acts of prior discrimination. Though the population of Richmond is 50 percent black, and though only two-thirds of 1 percent of the city's contracts had been previously awarded to minority firms, these statistics (said the Court) did not prove that specific acts of discrimination had occurred. Further, said the Court, an amorphous claim that there has been past discrimination in a particular industry cannot justify the use of an unyielding racial quota. *(New York Times,* Jan. 24, 1989, 12). However, the Court also stated that its ruling does not preclude municipal actions to rectify specified effects of identified and documented discrimination. By the end of 1990, over fifty cases had been filed in the courts involving challenges to minority set-aside programs, and forty-six municipalities had abandoned their programs. The impact on minority contracts was substantial: Atlanta's contracts with minority-owned businesses fell from 37 percent in 1989 to 24 percent by mid-1990, Richmond's fell to 11 percent, and Philadelphia's fell from 15 percent to 3.5 percent (Rice 1993).

In response to the Court's language in *Crosson,* cities began to document specific instances of racial disparity that could be rectified by set-aside policies. For example, the Atlanta disparity study produced an eight-part, eleven hundred page report finding a substantial income disparity among Atlanta's black population as well as discrimination in several business areas, including construction, real estate, law, architecture, accounting, engineering, commodity sales, security, consulting, and energy. Other cities found similar evidence of racial disparity, and they have used these studies to justify the enactment and implementation of new set-aside policies. However, these studies are subject to methodological flaws that raise questions about their conclusions (Rice 1993), and no doubt we have not heard the final word on the use of minority set-asides to achieve affirmative action goals.

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[1] Some cities have found these requirements so restrictive that they have opted to do without federally funded housing developments. Other cities have spent considerable time and effort-usually to no avail-attempting to contravene these requirements.

[2] Cities such as Houston, Seattle, Huntsville, and St. Louis that are heavily dependent on the space, defense, and aircraft industries have been very directly affected by federal spending: A cutback in defense orders brings a local but acute economic depression. Houston and Dallas are also very much affected by federal policy with respect to *oil* (e.g., search and depletion allowances, gas taxes, and above all, the price and availability of oil on the international market).

[3] In addition to tax benefits for money as interest on loans, federal tax policy

affects urban development in other important ways. For example, most interest paid on money borrowed by cities and states (i.e., interest on state and municipal general revenue bonds) is free of federal income tax. As another example, commercial real estate is permitted a tax writedown (i.e., for tax purposes and federal tax payment, the value of the property can be depreciated over a considerable number of years). As may be anticipated, the financial benefits extended by U.S. tax policies to homeowners, real estate developers, and bond buyers is part of the larger argument concerning fair shares and social equity. Is the middle class deserving of what is, in effect, financial assistance, while those who cannot afford to buy a house receive nothing? Are municipal bonds a tax haven for the rich, while money in the bank accounts of the *less* well-off remains a source for taxation? Does tax depreciation for commercial property encourage needless office-tower building and the proliferation of endless suburban shopping malls-all the while leaving central cities to cope with their consequences?

[4] Histories of Roosevelt and his New Deal are extensive. Of general importance to the present discussion are Schlesinger (1959), Leuchtenburg (1963), and Goldman (1956). Of more specific relevance are Mollenkopf (1983), Jackson (1985), Warner (1972), and Gelfand (1975).

[5] It was the New Deal that popularized the practice of naming government agencies using initials and acronyms.

[6] Today, several federal agencies insure home loans; accounting for $317 billion in mortgages on 8 million homes in 1993. Many families who in pre-FHA days might never have been able to afford home ownership have acquired homes of their own. FHA's mort- gage practices have also created industry-wide standards. Thus, today's mortgages often run thirty and thirty-five years (compared with the ten-year mortgage common in the 1920s).

[7] In its original formulation, public housing was designed for the working poor. But in sharp contrast to this conception of housing for the working class, real estate interests wanted public housing to be used only for the poorest families; they were concerned about the effects of government competition within the private home buyer and rental markets, and they used their considerable influence to steer public housing in this direction (Atlas and Dreier 1992).

[8] Milton Friedman, one of our most distinguished (and conservative) economists, argues for a system of rent vouchers to replace public housing. Qualified poor are to be given publicly paid for rent vouchers which they may then use as rent payment (full or partial, depending on their needs, desires, and abilities) in privately owned housing. With rent vouchers, the poor will escape the stigma and isolation of public housing, landlords will make a profit and thus be encouraged to maintain their buildings, and in the long run (it is asserted), the costs to taxpayers will be far less than is the case with public housing (Friedman and Friedman 1981). This approach has been adopted by the Department of Housing and Urban Development as part of its long-range plan during the 1990s.

[9] In the process of slum clearance, some cities (e.g., Kansas City, Nashville, Charlotte) were also able to use urban renewal to direct expansion of minority residential areas away from the CBD; in many of these cities, decisions implemented decades ago continue to influence residential patterns (Rabin 1987).

[10] Quoted in Stinchcombe (1968).

[11] [n its first-year evaluation of the block-grant program, HUD reported that 71 percent of funds were allocated to priority areas. I n the second year, however, evaluation procedures focused on actual recipients rather than geographic areas, and the figures were much more disturbing: Only 44 percent of funds had been allocated to directly benefit low- and moderate-income groups. This abuse was particularly notable in Southern states, where the Southern Regional Council concluded that "local diversions from national purpose are not just occasional abuses, but rather form a pattern inherent in the implementation of the Act" (quoted in Judd 1984, 350). One reason for these diversions was local pressure to produce results, leading local politicians to target funds from the Community Development block grant to marginal areas where improvements could be quickly demonstrated rather than to the poorest neighborhoods where quick results are more difficult to achieve (Goldfield 1993).

[12] Since these figures represent grants to both cities and states, they do not give an accurate picture of the relative importance of categorical grants and block grants to municipal finance. These estimates are not easily obtained, since a proportion of many federal grants awarded to states are passed through to cities.

[13] The controlling case was *Plessy v. Ferguson* (163 US 537, 1896), which announced *separate but equal* as a constitutional principle.

[14] 347 us 483 (1954).

[15] *Faubus v. Aaron* (361 US 197, 1959).

[16] *Alexander v. Holmes Board of Education* (369 US 19).

[17] *De Jure* segregation is segregation by law, for example, when blacks and whites are statutorily required to attend different schools. At the time of the *Brown* decision, cities in twenty-one states (plus the District of Columbia) were allowed (or required) to maintain separate schools for whites and blacks. Just as important, but more subtle, is *de facto* segregation, where blacks and whites attend different schools due to segregated housing patterns.

[18] Due to residential segregation, nine elementary schools in Mobile County were all black. In *Davis v. Board of School Commissioners of Mobile County* (402 US 33, 1971) the U.S. Supreme Court ruled unanimously that in such situations busing must be used to break down segregation. I n the Charlotte-Mecklenburg School District (which provided educational services for residents of the city of Charlotte and Mecklenburg County), the situation was more complicated, since most blacks resided in the city rather than the county. Nonetheless, the U.S. Supreme Court ruled in *Swann v Charlotte Mecklenburg board of education* summary (402 US 1, 1971) that the district must provide free transportation to any student who voluntarily moved away from an all-black or all-white school, and that non-contiguous catchment areas should be grouped as a means for creating racial balance.

[19] However, in refusing to hear an appeal of *Bell v. School, City of Gar)', Indiana* (342 F2d 209, 1963), the Supreme Court established that if school boundaries are

established without consideration of race, desegregation is not required. The district court noted that the Constitution does not require integration, it forbids segregation.

[20] *Keys 11. School District No. 1* (413 US 89, 1973).

[21] *Dayton Board of Education v. Brinkman* (443 US 526, 1979).

[22] *Columbus Board of Education v. Penick* (443 US 449, 1979).

[23] *Swann v.. Charlotte-Mecklenburg Board of Education,* 1971.

[24] *Milliken 11. Bradley* (418 US 717, 1974). However, the Supreme Court did allow metropolitan-wide solution to segregation in Wilmington, Delaware, by refusing to over- turn a lower court decision *(Evans v. Buchanany,* 379 F Supp 1218, 1974). For a discussion of desegregation in Wilmington, and why the courts allowed a metropolitan-wide solution to be adopted there, see Stave (1995).

[25] 334 US 1.

[26] Other types of covenants were invented in an effort to keep blacks and ethnics out of neighborhoods. One provides neighbors (and in some cases the land developer) with first right of purchase if a lot in the neighborhood is placed on the market. Another ties residence to membership in a particular social group or club (for example, member- ship in a country club may be required of all residents in a neighborhood bordering a golf course). In the first case, blacks and ethnics may be effectively prohibited from purchasing land through neighbors' right of first refusal. In the second, they may be prohibited residence through exclusionary membership policies of the social group or club.

[27] 272 us 365.

[28] The courts have generally upheld these ordinances See Johnston (1984) for a discussion.

[29] In the *Belle Terre* case (see note 28), residents kept students attending a nearby college from locating in their community through a single-family zoning ordinance. In upholding this ordinance, the court wrote:

> The regimes of boarding houses, fraternity houses, and the like present urban problems. More people occupy a given space; more cars rather continuously pass by; more cars are parked; noise travels with crowds. . . . [The right to zone] is not confined to elimination of filth, stench, and unhealthy places. It is ample to lay out zones where family values, youth values, and the blessings of quiet seclusion and clean air make the area a sanctuary for people. (P. 804)

[30] *Ybarra v. City of Los Altos* (503 F2d 250, 1974).

[31] In the *Valtierra* case (see note 28), the court explicitly noted that discrimination on the basis of wealth is not a constitutional violation since, it concluded, discrimination by wealth does not necessarily mean discrin1ination by race.

[32] 429 us 252, 1977.

[33] *United States v. City of Black Jack, Missouri* (508 F2d 1179).

[34] 442 US 1042, 1975; 443 US 884, 1975. I n a related decision, the court awarded the developers $450,000 in damages *(Park View HeipJ1ts Corp.* "·. *City of Black Jack,* 467 F2d 1208, 1972).

[35] Winners and losers in this case had an old principle of politics reaffirmed: Take every case to court . Sometimes the court will be on your side; sometimes not. If you lose, appeal to a higher court. And if enough times goes by, your opponents may run out of energy, or money, or both .

[36] However, the courts have taken a less permissive view of boundary decisions, often overruling decisions that they viewed as capricious or that otherwise violated due process. For example, in the mid 1950s, 80 percent of the residents of Tuskeegee, Alabama, population 6,700, were black and unregistered to vote. The predominantly white electorate voted to change the boundaries of the town from a square to a twenty-eight-sided figure, thus placing 80 percent of the black population outside the city limits. The U.S. Supreme Court overturned this boundary change *(Gomillion v. Lighifoot,* 364 US 339, 1960) as an abridgment of black residents' Fourteenth and Fifteenth Amendment rights. See R.J. Johnston (1984) for an excellent review of this and other decisions.

[37] 67 NJ 151.

[38] 92 NJ 158, 1983. Since the Court based its *Mt .Lmml* decision on the New Jersey Constitution rather than the Fourteenth Amendment of the U.S. Constitution, it is unlikely to be overturned in federal courts.

[39] The *Mt. Laurel* decisions have been challenged in the New Jersey courts on several occasions *(Hills Development Company v.. Township of Bernards,* 1986; *Holmdel Builders Association v. Township of Holmdel,* 1989; and *Iure Township of Warren,* 1991); these have become known as *Mt. Laurel* III, IV, and V, respectively. But so far, the principles established in the original decisions have stood up to these challenges. See Haar (1996) for citations and a general description of how these decisions have changed the housing debate in New Jersey.

[40] *International Association of Firefighters v. City of Clevland* (478 U.S. 501, 1986).

[41] 102 L.Ed. 2nd 854, 1989.