March 1, 1965

MEMORANDUM

FROM Emanuel Tobier

SUBJECT: The Second Regional Plan and Poverty

Definition of RPA's interest in Poverty

This memorandum is intended to specify the nature and extent of the Second Regional Plan's interest in the "poverty" area. By poverty I do not mean all low income groups, but only poverty concentrations which can be characterized as low income Negro and (to a lesser extent) Puerto Rican ghettoes. For regional planning policy purposes, this is the only relevant dimension of the over-all poverty problem we can, or need, be logically concerned with. For example, low income older white households present few really difficult medium- or long-range problems, from the point of view of a regional planning agency, that cannot better be dealt with by a combination of private market arrangements and Federal-State programs not specifically directed at poverty as such.

RPA's concern with poverty must be very specific, however, at least as far as the research program is concerned. Our sole interest here, as far as I can see, should be to quantify the amount, composition and source of the public sector spending which will be required to eliminate (hopefully) the problem of concentrations of racially-linked poverty populations. My reasons follow.

Rationale for RPA's Interest

The Second Regional Plan will, presumably, go all out for an optimum Region, one in which the pattern of land uses maximize the Region's efficiency as a producer of goods and services and maximize its household sector's consumption of goods and services, trading off where necessary between conflicting or competing considerations of efficiency and amenity.

Given what we already know of trends within the Region, the continued existence of racial ghettoes in their present locations can hardly be considered as optimal from the point of view of a desirable future land use pattern, or for that matter, from the point of view of its existing land use pattern.

RPA is thus interested in low income racial ghettoes because they are concentrated in the Region's central city areas. As a result of these concentrations of poverty, the Region's central cities--particularly New York City--face problems which they, financially and otherwise cannot cope with at the municipality level without really--and I mean really--substantial assistance from higher levels of government. Failing the necessary amount of extra-municipal assistance, the resulting deterioration of central city environments has, it is hypothesized, correspondingly weakened the ability of the central city to discharge its function as the economic heart of the metropolitan region. And given the importance of the New York Metropolitan Region to the entire nation, the rapid deterioration of its central cities has obvious adverse extra-regional implications as well. Briefly our hypothesis is that anything which importantly weakens the central cities functioning, also weakens the entire Region.

The ways in which the existence of racial ghettoes weakens the central city:

(1) its residents create disproportionately large demands for tax-supported public services compared to their own tax-paying abilities.

(2) the ghettoes pre-empt large tracts of close-in or otherwise strategically located sites which could sustain much higher alternative uses under other circumstances. Moreover the size of the ghettoes are themselves so great that any feasible projected program of shifting their locus to less valuable land is impossible to conceive.

(3) by creating adverse contiguous environments, the ghettoes force upper and middle income households--who would otherwise prefer an in-city location which is close to work, etc.--to move to the suburbs, thereby raising public and private transportation costs, detracting from consumer choice, and perhaps most importantly weakening the central city's viability as a labor market.

(4) all in all, weakening the financial ability of the central city to provide the kinds of services it logically should provide given its position in the metropolitan region.

The Problem

Why is this so? Theoretically, central cities should bear a disproportionately higher tax burden then the remainder of the metropolitan region. Central cities after all contain a disproportionately large share of the metropolitan area's wealth and income producing assets. But, the excess tax burden which the city is called upon to bear--and which is justified by its greater ability to pay taxes--should theoretically be used to defray classic central city functions as the economic heart of the production function known as the Region. However, the potentially greater ability of central cities in this respect has apparently been eroded by the magnitude of the demands created by the existence of the ghettoes. The resulting outstripping of relatively greater ability by relatively greater demand has, it is felt, seriously impaired the ability of the city to provide for rationally conceived central city type functions. That is, when welfare costs skyrocket that much less money is available to deal with the inefficiencies created by downtown traffic congestion, etc.

Moreover, beyond the argument from efficiency there are the equally or more serious problems of a moral order posed by the continued existence of racially-linked poverty-stricken ghettoes. For, even if the central city had no or only limited economic functions for which it constituted the optimum location the elimination of the ghettoes would remain a first priority for positive action. To make a long story short, an adequate program of poverty clearance requires no economic justification--though this helps. It is a political issue of the first magnitude.

## Possible Solutions

Two questions occur. What can we do about it? What do we have to know to do what we want (or have) to do?

As far as what we can do about it, three solutions come to mind. We can assume that racially-linked poverty will be with us both for a long time and present, in that time period, a problem of some magnitude. But as we have already (presumably) decided the creation of an optimum region requires the elimination of central city poverty ghettoes. This being the case, we can recommend the dispersal of these ghettoes throughout the region in the form, lets say, of suburban vest pocket public housing projects. From various points of view this course of action is hardly feasible, not to speak of desirable.

Or, which is solution two, we can pursue a policy of containment or quarantine vis-a-vis the ghettoes, as we are doing now, by marginally raising the relevant categories of public expenditures (e.g. aid-to-dependent children, etc.) and hope that the problem will, eventually, go away. Now this certainly is a more promising and, certainly, a more realistic solution than the first one. Moreover, it has the added charm of familiarity since it represents the traditional American practice of dealing with the poor.

And it has worked in the past. That is, the poor--while still with us--are relatively less numerous (in relation to the total population) than has been the case in the past. Assuming the continuation of a high rate of economic growth nationally and regionally there is no reason to assume that future trends in this respect will be any different from that of the past.

We have projected for RPA's 31-county study area the percent share of households earning less than $5,000 annually in dollars of constant purchasing power will decline from 35.8 percent of the total in 1958 to 11.6 percent by the year 2000. And close to 50 percent of the under $5,000 group will either be very young or very old in that year, representing age groups whose needs for current income are considerably less than that in the more active age groups where average family size is considerably larger.

If this is the case, then the problem of poverty in the long run will, more or less, solve itself--wither away, as they say. But--as someone of approximately the same persuasion also said--there is the problem of the transition period.

For a variety of reasons, which we need not repeat here, the poverty problem as it effects the Negro community and (to a lesser extent) the Puerto Rican community is felt to be a more intractable one than that faced by low-income groups of an earlier day. It is widely and persuasively held that the usual allocations to the current poverty group of the traditional amount and mix of state-provided public services in a favorable economic climate (that which approximates the 1960-63 rate of growth in per capita gross national product for example) would not be sufficient unto the day.

In other words--to borrow an expression from the field of the economics of underdeveloped counties--we are, in such matters, being forced to operate with a "big-push" hypothesis (or to put it into familiar language "Make No Small Plans"). The big-push hypothesis simply recognizes that, given the history and context of the low-income racial slum, piecemeal measures merely maintain the status quo and require increasingly greater amounts even to maintain the precarious balance that this implies.

Unfortunately the programmatic content and associated cost of implementing the big push are notable for their absence. For the big push, if it is nothing else, is a series of interrelated measures which, given the nature of the case, must be concretely embodied in works (plus loaves and fishes) placed right in the visible middle of the afflicted communities.

However, in order to specify the nature of the problem(s) involved and to be able to cost out the program's individual elements as well as its over-all cost, we have to study a particular slum community of the type we are interested in. From the knowledge of problems, programs and costs we gain from this study we will have a meaningful benchmark by which to estimate the problem on a citywide basis. I am not suggesting that such a study be a substitute for action or that it be a mere exercise for justifying in numbers what we already know has to be done. Action programs which need to be initiated right now abound and should be started immediately. In any case they are likely to be initiated on a small scale. But without an informational framework for establishing long term priorities, the impact of these individual, often unrelated, action programs tend to be quickly dissipated.

For demonstration purposes, I would propose that we study--or get someone to study for us--Bedford-Stuyvesant, one of the cities most sterling (that is, awful) slums.

Research Program via a Case Study (Bedford-Stuyvesant)

Why study Bedford-Stuyvesant for purposes of developing a regional plan? Nominally part of South Brooklyn's vast gray area (as per Vernon) Bedford-Stuyvesant is a megalopolitan-scale slum whose residents, mainly Negro, are prime examples of what Harrington has characterized as "a culture of poverty," whose principal heritage to its succeeding generations is more of the same.

As a black ghetto it is, from the point of view of community, much worse off than Central Harlem, itself no model of an affluent society. Bedford-Stuyvesant among other shortcomings almost totally lacks a leadership group, even though its objective problems are more serious than that of Central Harlem. For example, B-S's median income (families and unrelated individuals) as of 1960 came to only 70 percent of that of Central Harlem's. One quick measure of leadership availability is the proportion of the community's employed residents who hold professional or technical positions. For B-S this proportion is 2 percent, for Central Harlem it is 4 percent, for New York City as a whole it is 8 percent and for the suburban portion of the SMSA it is 10 percent. The actual discrepancies shown above are considerably widened when one takes into account the fact that B-S's unemployment rate is one-third greater than Harlem's and that its labor force participation rate is one-tenth lower.

No matter which way you slice it, B-S has problems, severe ones. The kinds of comparisons sketched in above can be multiplied endlessly and effortlessly without turning up one that is favorably to B-S.

In the case of B-S we have a community with an enormous range of problems. While these problems are, of course, interrelated, in order to be dealt with, or at least have their costs estimated, they must be separated--conceptually--in order to formulate programs and program costs.

The process of program identification, to the extent it expresses itself in the need for and availability of community facilities and in the need for spending in the public sector, is what RPA should be concerned with. And, between the two--the location of community facilities on the neighborhood scale and the costing out of the necessary facilities on a citywide basis--RPA's overwhelming interest, it seems to me, certainly lies with the latter.

In order to locate B-S problems which will have to be dealt with by public spending in one form or another we have to (1) define the problem groups involved (2) establish the size of the individual groups involved (and the time period during which they will be considered as problem groups) (3) determine the program(s) needed to remove the groups in question from the poverty category (4) cost out the programs on a per-person basis (5) identify the source of the financing.

In order to define the problem groups we need a quasi-Census for Bedford-Stuyvesant which provides much more detailed information for analytical purposes than is currently available from the conventional Census for small areas such as B-S. The precise design of this Census--which might involve a sample of close to 10,000 persons--should be a function of the kinds of problem groups we want to be able to identify in order to provide the appropriate scale and mix of program. For example, where there are two or more children under five years of age in households with only one parent present, this sort of situation would

conceivably require a greater per-child outlay in the form of pre-school care than in the case of one-child low income families where both parents are present. In any case, the Census should be designed to provide information on the kinds of problem group expert opinion considered important. The Census itself merely assigns quantitative weights to the problem states. The programs associated with each problem state would similarly have to be supplied by professional groups on the basis of the best available opinion on what constitutes the optimum program. The costs themselves would be the outgrowth of this identification of programs.

As we know for every cost there is a benefit (or should be) even if the benefits in question are such negative ones as foregone desiquency. Hopefully, expenditures made under the philosophy of the big push hypothesis will do the trick. However, even if they don't succeed or succeed only partially the expenditures will still have to be made.

The benefits which can presumably be expected to flow from the success of the big-push program can be expressed in a number of ways. Theoretically it can be expressed as the sum of the differentially greater earnings of an improved population over that which could be earned by an unimproved population plus the reduction in poverty-associated publicly financed costs which prevailed prior to the big push program. For example, we could assume that if the big-push program proved to be successful, the population group presently constituted by B-S residents would have the occupations, incomes, tax paying abilities and the need for public services associated with a "normal" Brooklyn community (such as East Flatbush).