

# THE PORTER PRESCRIPTION

BY MERRILL GOOZNER

**W**ith downtowns flourishing, a handful of distressed neighborhoods mounting comebacks, and crime and welfare loads on the decline, even cities seemingly are enjoying the fruits of the American economy's seven-year expansion. But for a more sobering view of the urban scene, take a long walk through Camden and East St. Louis, vast swaths of North Philadelphia or Chicago's West Side. In this other America, an estimated six million souls wake up every day amid the crumbling ruins of our industrial past. The impoverished inhabitants of the inner city live in a landscape dominated by abandoned factories, boarded-up housing, and decayed retail strips, where unemployment, underemployment, and poverty rates remain sky-high. Most older, non-Sunbelt cities will finish this decade with fewer jobs and fewer residents than they had in 1989, the peak of the last business cycle. The economic isolation and deprivation of their most depressed sections will have worsened.



CITY PROSPECTS

The 1990s policy response to this enduring urban blight has been a reflection of the political isolation of cities. The Clinton administration's updated version of benign neglect allocated a billion dollars over ten years to a handful of so-called empowerment zones (\$50 per zone resident per year, one skeptic pointed out). Critics say zone administrators used some of the money to replicate the worst mistakes of the 1960s Model Cities program. After Republicans seized control of Congress in November 1994, urban activists muted their criticism and whispered it was better than nothing.

This policy void provided an open field for one of the nation's most influential business thinkers to reshape the debate. In the spring of 1995, Harvard Business School Professor Michael Porter, author of the 1990 business best-seller *The Competitive Advantage of Nations*, seized center stage in urban development circles by proclaiming in an article in *Harvard Business Review* that he had a better mousetrap. Let the private sector rebuild inner cities, he said. And government's main job would be to stop interfering.

Porter, who golfs with President Clinton and consults for top chief executives, has since invested his considerable prestige into a high-profile dissection of why economic failure continues to haunt inner-city neighborhoods. Editorial boards have sung his praises. His pronouncements have earned him the featured seat at key gatherings of urban affairs activists. When Vice President Al Gore needed something to say at last June's National League of Cities meeting, he huddled with Porter.

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Porter's embrace of the inner city is something of a mixed blessing. On the one hand, it throws a welcome spotlight on a cause that national leaders have found too easy to write off as hopeless. If any segment of society needs public attention, it is urban neighborhoods. On the other hand, Porter is too sanguine about what it will take for business to rescue depressed urban areas, and too dismissive of redevelopment

efforts over the past three decades—efforts that attempted, with less fanfare, the very strategy that Porter is promoting as a new approach. When he does get specific, Porter is oddly contradictory about the scale and source of public funding. Sometimes, he seems to be saying that government should mainly get out of the way. At other times, his particulars add up to a Marshall Plan for the cities.

Porter was drawn to the issue only in 1994, by Massachusetts Governor William Weld. The governor asked Porter's consulting firm to come up with a statewide strategic plan that included a redevelopment approach for its ailing large cities. For Porter, now 51, the move wasn't as far afield as it might seem. In the 1980s, as one of Harvard's brightest young scholars, he had parlayed his pioneering research on what made corporations competitive into a lucrative speech-making and consulting practice. His well-reviewed and best-selling 1990 book, which applied microeconomic competitiveness theory to entire nations, launched him into government consulting. Soon the presidents of Ireland, South Africa, and several Central American nations were knocking on his door. In the U.S., he spearheaded research for the corporate-backed Council on Competitiveness, which in those less confident days lamented the short-term horizons of U.S. capitalism while castigating business and government for failing to invest effectively in education and research and development.

But as the 1990s boom took shape, U.S. corporations had regained their international footing. The nation-state was passé. Regional dynamics became the hot topic: Why Seattle, but not Kansas City? Weld's invitation gave Porter the room to apply his competitiveness model to a new arena—regional economies and the depressed areas within them that had proved the most impervious to economic change.

### LOCATION, LOCATION, LOCATION

The new service economy, Porter says, has created the preconditions for inner cities' economic rebirth based on their strategic competitive advantages. First and foremost is their location near rejuvenated downtowns, which have emerged as financial service, medical, entertainment, media, and education hubs. "Inner cities occupy what should be the most valuable locations in their regions," he wrote in *Economic Development*

*Quarterly* last spring. "As a result, an inner-city location can offer a competitive edge to logistically sensitive businesses that benefit from proximity to downtown, transportation infrastructure, and concentrations of companies."

A second major stream of new inner-city businesses can emerge by tapping the underserved retail market in inner cities, he says. Porter praises national chains who've begun serving those markets, and calls for entrepreneurs to seize the opportunity to open new stores and food processing companies that cater to the distinctive tastes of the mostly minority inhabitants of the inner city.

The labor force of the inner city is also an advantage, in Porter's view, especially in an era of labor shortages. Where most businessmen who ignore or have fled cities complain bitterly about poorly educated and poorly trained workers with lousy work habits, Porter sees "an attractive labor pool for businesses that rely on a loyal, modestly skilled workforce."

Finally, Porter says there are new opportunities for inner-city businesses to plug into the growth clusters of their regions. This perceived opportunity builds on an economic development theory now several decades old that observed that high-growth areas like California's Silicon Valley evolved because of their dense networks of firms that both compete and cooperate with one another. The process hones the skills that each firm needs to successfully export goods and services to the global market. This model can be transferred to the inner city, he asserts.

**W**ho will bring all this about? In Porter's view, only the private sector, both big corporations and entrepreneurial start-ups, can transform the inner city. He foresees an army of middle-aged minority entrepreneurs—the first generation produced by the nation's business schools—leading the charge back into the inner city.

#### PORTER AND HIS CRITICS

Thomas D. Boston and Catherine L. Ross, eds., *The Inner City, Urban Poverty, and Economic Development in the Next Century* (Transaction Publishers, 1997).

Thomas D. Boston and Catherine L. Ross, eds., "Responses to Michael Porter's Model of Inner City Redevelopment," *Review of Black Political Economy*, Fall 1995/Winter 1996.

Bennett Harrison and Amy Glasmeier, "Response [to Porter]: Why Business Alone Won't Develop the Inner City," *Economic Development Quarterly*, February 1997.

Michael Porter, "The Competitive Advantage of the Inner City," *Harvard Business Review*, May-June 1995.

Michael Porter, *The Competitive Advantage of Nations* (Free Press, 1990).

Michael Porter, "New Strategies for Inner-City Economic Development," *Economic Development Quarterly*, February 1997.

He reserves the handmaiden's role for enlightened consultants like himself. Tapping financial support from foundations and corporate philanthropists who've signed onto his business-driven vision, Porter launched an organization called the Initiative for a Competitive Inner City in four cities, with more to come. Its goal is to develop city-specific plans based on his strategy, and then provide technical advice to big firms and franchisers seeking to tap the competitive advantages outlined in the plans.

But if inner cities possess a natural locational advantage, what has held them back? According to Porter, much of the blame must be assigned to corrupt or incompetent urban political machines that set up regulatory and political roadblocks to urban development. He's also less than kind to neighborhood development groups. He blames them for attempting to wall off existing businesses from competition instead of encouraging new business. Or, when new businesses do come into the city, they demand jobs as if they were a birthright.

Creating new businesses and wealth must be at the heart of any urban redevelopment strategy, he told a major conference last spring sponsored by the Enterprise Foundation, the Brookings Institution, and Fannie Mae, yet "this has not been the agenda of cities over the last 15 or 20 years." He said:

While cities have had to contend with heavier fiscal burdens due to high concentrations of poverty, they have also needlessly driven up the cost of doing business. Business infrastructure has been neglected. Business taxes have increased while the quality and efficiency of public services has been allowed to badly deteriorate. Regulations had made business growth and expansion in cities next to impossible. We have allowed the decision making and governance processes in cities to become riddled with delays and divisive politics. Various groups in cities chastise business and make heavy demands on companies.

There are "very real disadvantages of locating businesses in the inner city," Porter wrote in the

original *Harvard Business Review* article. "Many of those obstacles are needlessly inflicted by government." Where government hasn't been pernicious, it's been misguided. Porter attacks minority preference programs and various subsidy programs for breeding dependency and failing the market test. He dismisses government- and not-for-profit-led business assistance programs as ill suited "to developing the more substantial companies that are necessary for economic vitality."

What role should government play? Here, Porter's prescriptions sound like one of the laundry lists periodically issued by local Chambers of Commerce. Local government should assemble cleaned-

up sites large enough for modern enterprise; reduce excessive utility, tax, and insurance costs; end the fear of crime; repair and update broken-down or inadequate infrastructure; and upgrade employee skills through improved

public education and job training, a role he commends to not-for-profit development groups.

#### RETHINKING OR REPACKAGING?

The involvement of an influential academic like Porter in a debate that has essentially slipped from national view would be admirable if he were offering something new. Unfortunately, his program is essentially a jazzier version of the ghetto bootstrap capitalism that has proved so difficult to put into practice. His assertions about the attractiveness of the inner-city workforce contradict everything business leaders have said in recent years about what they look for in new employees. In his quest for novelty and haste to dismiss existing programs, he overlooks or misrepresents the last two decades' experience, especially in the field of job training. His attacks on urban subsidies and minority preference programs, while fashionable in an era of minimal government and anti-affirmative action, are muddled and contradictory.

Porter justifiably lambastes cities saddled with incompetent and corrupt governments, symbolized nationally by Washington, D.C., Mayor Marion Barry. Yet he fails to grasp the complicated realities that constrain city officials who try to recycle aban-

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doned urban real estate or position their jurisdictions to compete effectively for corporate investment within metropolitan areas.

Setting aside the envious sniping that Porter attracts as a Johnny-come-lately policy entrepreneur with better public relations than the urban activists he attacks, the substantive objections to his approach fall into two broad categories. Taken together, these can point the way to an alternative approach to rebuilding the inner city.

**T**he first, explored in the winter 1996 *Review of Black Political Economy*, which devoted an entire issue to Porter's work (now reprinted as a book), questions any place-based strategy. In an era of faxes and modems, much of the putative locational advantage of inner cities is overwhelmed by their socioeconomic disadvantage. Why should minority entrepreneurs be channeled into places every other business avoids? Hasn't Porter understated factors like race, crime, and schools that keep most mainstream businesses from seriously considering inner-city locations? In short, how can inner cities remain warehouses for the vast majority of the nation's poorest of the poor and at the same time become attractive business sites and mixed-income neighborhoods, which ought to be the goal of urban redevelopment?

The second major flaw in Porter's strategy is his shortchanging the role that public investment plays in driving private-sector investment decisions. He rarely mentions the massive subsidies that channel most private-sector investment to the suburban fringe of metropolitan areas, where there is no "re" attached to the word "development."

Porter frequently complains about the billions of dollars poured into urban areas over the decades, arguing that it was precisely when this spending was at its height that cities suffered their worst declines. This conservative analysis, championed most recently by Fred Siegel of the DLC's Progressive Policy Institute in his book *The Future Once Happened Here*, confuses two separate streams of government funds: social-service spending and development spending. Serious proponents of urban redevelopment have never said that government spending on welfare, housing, and food stamps represented economic development, as Porter charges at one point. That spending was the social safety net coping with the effects of industrial decline.

Urban redevelopment spending, on the other

hand, from the 1950s until well into the 1980s was channeled either to resuscitating downtowns (a largely successful endeavor) or to building the infrastructure that hastened the flight of businesses and middle-class residents from cities. In recent years, urban redevelopment funding has dwindled to a trickle, dwarfed by the river of infrastructure and tax subsidies that continues to flow to corporations building facilities on the fringe. Any successful strategy for rebuilding inner cities must as its first order of business redress the uneven playing field created by these federal and state spending priorities.

### IS THE MARKET WRONG?

If cities do have latent competitive advantages, as Porter asserts, the market has spectacularly failed to grasp them in recent years. The economic rebound of the 1990s arrived late and without vigor in most of the nation's older cities. Although the unemployment rate is at a quarter-century low, the number of jobs in cities remains far below the late 1980s peak—the last time the economy approached the top of the business cycle.

The trend has been especially pronounced on the nation's coasts, which suffered from a pricked real estate bubble and massive defense cutbacks early in the decade. New York City at the end of 1996 had 200,000 fewer jobs than in 1990; Los Angeles County is down almost 300,000 jobs; Baltimore, 64,000; and Philadelphia, 57,000.

Most midwestern cities went through their wrenching restructuring in the early 1980s when the manufacturing sector retrenched. Yet the 1990s have not seen their fortunes improve. Detroit, which lost 116,000 jobs—a staggering 20 percent of its base—during the Reagan-Bush years, has lost another 18,000 jobs so far this decade. St. Louis has dropped another 16,000 jobs after losing 71,000 in the 1980s. Chicago, the Midwest's financial capital as well as a manufacturing center, has performed more like the coasts, losing 100,000 jobs in this decade after dropping 23,000 in the last.

**I**n almost every case, the surrounding metropolitan areas experienced substantial growth. Even in regions where the net new jobs were minimal, suburban sprawl spread existing jobs over a much wider area. The results are easy to predict, for where jobs go, so will people, at least the ones who can. The midterm census showed a continuing out-migration of middle-class residents from most

cities. L.A. lost 37,000 residents; Chicago, 52,000; Detroit, 35,000; Boston, 27,000.

And the worst may still be to come. Many economists predict the next wave of corporate restructuring will occur in two industries on which cities and their poorest residents depend heavily for employment: health care and banking. Managed care has already damped down the expansion of the health sector. The consolidation of big city hospitals is transforming the inner-city job ladder. In their boom days, hospitals provided decent clerical and technician jobs, in the \$20,000 to \$35,000 range, jobs that were often unionized, with decent benefits and job security. Today, hospitals are closing, and the growth areas are in the jobs of home health and nursing home aides.

Meanwhile, deregulation of financial services has created a merger boom that translates into layoffs. This is already reducing employment opportunities in downtown office towers, retail banks, and back-office complexes that provide entry-level slots for tellers, messengers, and clerks.

#### BACK TO BLACK CAPITALISM

As a counter to this long tailspin, Porter's strategies sound suspiciously familiar to anyone who's followed the redevelopment tactics employed by government, business, and the not-for-profit sector over the last 20 years. Indeed, on more than one occasion, he offers their successes as anecdotal proof of his theories. What he doesn't offer is any reason to believe the widespread employment of these theories will show in aggregate any better results than his predecessors, who've gone down this road before.

Take, for instance, his observation that inner cities represent a vast untapped retail market. Porter lauds the recent investments by grocery chains like Pathmark in Harlem and Newark and minority-led start-ups like Del Ray Foods in Chicago, which are building new stores to capture that market.

Local development groups have long noted that the nation's poorest citizens must travel farthest and pay the most for basic items like food and clothing, even though their aggregate purchasing power would seem to justify more retail outlets closer to home. They've had some success addressing the problem over the years. In the mid- to late 1980s, a similar round of inner-city investment occurred, led then as now by grocery, drugstore, and retail chains.

What's notable about both upturns is that they only took place near the top of the business cycle when the marginal incomes of inner-city residents had improved and the retailers had exhausted their investment opportunities in the suburbs. Moreover, these late-arriving developments invariably needed massive government and foundation subsidy and years of spadework by not-for-profit groups to get off the ground.

Local development groups have also long noted the intrinsic value of their inner-city turf because of its nearness to downtown. Indeed, local officials usually market their reclaimed land on that premise. Yet this notion may be not only old, but obsolete. Other business consultants and academic observers have suggested the evolution of information technology and the spatial distribution of businesses within metropolitan areas are eliminating the advantages that once accrued to inner-city locations, at least for businesses that would rely on semiskilled city labor. (This is not to say that developers do not see the very real opportunity to turn some of this land into upscale housing and offices for information-age workers who wish to avoid long commutes and want to be with like-minded people near downtown.)

For instance, warehousing is one of the industries Porter targets for development. This may be chasing a horse that is in the process of bolting the barn. "Industry-sponsored studies indicate that providing off-hours delivery is causing firms to move toward fewer and larger warehouses that tend to be located outside the urban core," Bennett Harrison and Amy Glasmeier wrote in *Economic Development Quarterly*. "Inner city warehouse workers are being dislocated in record numbers."

For other industries that still call downtown home, Porter encourages entrepreneurs to start businesses that can tap the semiskilled labor of the inner city to provide them with critical services: laundries for hospitals, for instance, or janitorial services for universities and office buildings. But there is no shortage of business consultants who argue just the opposite. They say the competitive advantage in those businesses comes not from location but from economies of scale (that is, serving all the edge cities of a metropolitan area, not just downtown) or the mastery of information technologies that give them a competitive edge in scheduling, purchasing, and the processes for getting the job done.

Porter's cluster strategy also contributes little in the way of new thinking in inner-city development. Dozens of city urban development departments have turned abandoned industrial buildings into business incubators, which rent space to start-up businesses. The idea is that entrepreneurs' proximity to each other encourages them to network with competitors, vendors, and customers. Private real estate developers have used the same concept to market recycled inner-city industrial space.

Community colleges in cities across the country have sought to transform themselves into training grounds for the specific industries they see clustering in their regions. In another variant of this strategy, a coalition of community groups in Chicago has worked for more than a decade with a network of older metalworking firms facing modernization and succession problems, and developed a sophisticated strategy for job training, technology upgrading, and ownership transfer to younger entrepreneurs based on the clustering of these companies.

It's not that the architects of these programs haven't had some success. Each one can trot out businesses that thrived and grew because of their efforts. The Hunt's Point wholesaling district in the Bronx is a frequently cited example. And there are also numerous failures. But even the most ardent advocates of this strategy cannot point to a single inner city where a mass of thriving new companies transformed a local economy comparable to, say, a Silicon Valley or a Northern Italy, the models from which the clustering strategy is drawn.

**P**orter's final inner-city advantage is the existence of a semiskilled workforce that he says is ready and willing to work. His researchers' interviews turned up numerous examples of inner-city employers who raved about their inner-city workers. But they also turned up many examples of employers who complained about basic skills, work habits, punctuality, and theft. This cacophonous response has led many observers, especially businessmen, to draw the opposite conclusion about workforce quality in the inner city.

What's important here isn't truth, but perceptions, and how they affect business location decisions. Porter can be congratulated for his humane response. But the fact remains that there are many employers who will avoid the inner city under any circumstances and offer stereotypes to justify their

conclusions; and their reluctance is sometimes justified by the products of ill-equipped inner-city schools. Most firms that might transform the inner city need a broad range of employee skills; a growing share of entry-level slots require some form of advanced training. Even the semiskilled workers they hire must be able to work in teams and have the basic academic skills and flexibility to be trained for a variety of tasks.

## A QUALIFIED WORKFORCE

Several recent major developments near Baltimore, Maryland, one of the few states that have adopted a policy to channel growth back toward the city, illustrate the point. Baltimore also happens to be one of the four cities where Porter's Initiative for a Competitive Inner City has set up shop.

In August, Maryland won a tax-break bidding war with Pennsylvania for the regional warehouse operations of Saks Fifth Avenue and Rite-Aid, which will create 1,700 jobs on sites about 30 miles north of the city. Why didn't the state use tax incentives to lure them to land in the inner city, where there are fewer hours of traffic jams during the day? James Brady, head of Maryland's Department of Business and Economic Development, said the firms wouldn't discuss it. Porter "talks about the workforce issue in a misleading way," Brady said. "It's not how many people you have looking for work, but how many have the skills you need."

Ironically, to overcome these business complaints, Porter looks to government job training programs, which he finds wanting. "The existing system is ineffective," Porter wrote in his *Economic Development Quarterly* article.

Training programs are fragmented, overhead intensive and disconnected from the needs of industry. Many programs train people for nonexistent jobs in industries with no projected growth. The private sector must determine how and where resources should be allocated to ensure that the specific employment needs of local and regional businesses are met.

But this critique reflects either ignorance of recent history or a deliberate attempt to mislead. President Reagan's Job Training and Partnership Act, which replaced the Carter-era Comprehensive Employment and Training Act, created Private Industry Councils to do just what Porter com-

mends. Indeed, over the years, these business-led programs have been criticized as *too* single-industry focused, since entry-level job slots in business are rapidly changing, and semiskilled workers frequently change jobs. It may make more sense to provide workers with good generic skills.

Porter's recommendation that community groups help job training programs identify qualified applicants as a service for prospective employers is also out of touch with existing practice. During the 1980s, this was known as "creaming," and it was roundly criticized by many liberals who thought JTPA programs should be for everyone who needed training. They lost that debate. Now nearly every public, private, and not-for-profit job training program creams the applicant pool on behalf of employers. If they didn't, they would lose their contracts, because the law requires high placement rates.

Even Porter's preferred micro-economic intervention—creating expert consulting groups in cities to develop strategies and provide technical assistance for inner-city entrepreneurs—replicates previous efforts. In Chicago, an organization launched in the mid-1980s by the Civic Committee of the Commercial Club (the local equivalent of the Business Roundtable) recruited topflight business consultants (not the business school students Porter enlists) to aid small businesses. Half its clientele as well as the organization's offices were located in the inner city. It recently folded after a decade of what could at best be called spotty results.

"We'd save four businesses, create ten, and then pick up the paper and watch Spiegel move 4,000 jobs out of the city," said Monroe Roth, who ran the Chicagoland Enterprise Center after a successful career as a top corporate officer in the home products industry. "It sounds great. The inner city is competitive and big business should move in there. But ~~actually getting business to do that is~~ very difficult."

**O**n the issue of minority business preference programs, Porter at least takes a different tack from conservatives out to destroy them as improper quotas. He says they are ineffective because they fail the test of the market.

Porter is right to say the inner city can be rebuilt; the question now is how to bring this about.

As proof he cites a General Accounting Office study that showed that 30 percent of minority businesses leaving the Small Business Administration's set-aside program fail within six months. But it's unclear what this proves. The SBA also reports that 50 percent of all small businesses—black, white, brown, city, or suburb—close their doors within four years.

For all the frauds and failures spawned by minority preference programs, there are numerous success stories as well. For instance, Porter, in seeking to show how his cluster strategy works, lauds a minority-owned company in Detroit—Mexican

Industries—that employs 1,000 workers and generated \$100 million in sales from Ford, GM, Chrysler, and Volkswagen. But Porter's interpretation overlooks the fact that the Big Three have extensive corporate minority purchasing programs, just as many large companies do. While they've remained hidden from public view because of their nongovernment nature, hundreds of minority-owned firms

owe their very existence to the years of hard work and agitation that went into creating these corporate outreach programs.

Porter's critique of tax policy is confused and contradictory. At one point, he attacks government attempts to lure businesses to the inner city with tax subsidies, citing the many studies that show that businesses do not make location decisions based on relative tax burdens. But then, to address the scarcity of capital in the ghetto, he calls for subsidies to banks to lower their transaction costs, and for the elimination of the capital gains tax on inner-city investments. These proposals are variants of the endless legislative initiatives of the 1970s and 1980s, when each new perceived roadblock to development would be met with another tax break or business assistance program. The sum total was an unfair and eviscerated tax base with little to show for it—at least in the worst-off sections of cities.

A key issue that Porter leaves out is the subsidies lavished on major corporations that invest on sites far from the urban unemployed. Occasionally, in a paragraph here or there, Porter admits that the transportation and infrastructure subsidies available in suburbs may be skewing the business loca-

tion decisions made in corporate boardrooms. But he never gets down to specifics.

Here are a few. The state of Alabama gave out \$253 million for a rural Mercedes-Benz plant; Kentucky gave \$124 million to Toyota to build its factory in exurban Georgetown; Illinois ponied up \$60 million so Sears, Roebuck & Co. could relocate 3,000 jobs from its accessible downtown tower to remote Hoffman Estates. Indeed, the 50 states, often using huge dollops of federal job training, highway, water, and sewer funds, spend billions annually to put any business in any suburban or ex-urban location that it wants.

Moreover, any fair tabulation must add subsidies for new schools, sewers, local roads, the home mortgage deduction, industrial loans and grants, industrial revenue bonds, and subsidized industrial parks, all of which have contributed mightily to draining cities of their vitality. It is meaningless to talk about redeveloping the inner city without rebalancing this system. To put it in Porter's competitiveness idiom, the playing field is not level.

#### A BETTER WAY

Porter is right to say that the inner city can be rebuilt. He accurately insists that private-sector investment and the new businesses and jobs it brings are essential to getting the job done. The question now as it has been for the last 30 years is how to bring it about.

Porter's answer is to fashion an appeal to business to come in and employ the people who already live there: the unemployed, the poorly educated, the semiskilled. This, it seems to me, gets it exactly wrong. Private-sector investment will only come into the inner city in substantial amounts when the middle class as well as the poor wants to live there and entrepreneurs have a reasonable expectation that if they locate there, their companies will prosper and their investments will appreciate in value.

A more realistic strategy, therefore, is one part dispersal and integration, one part a better balance of public subsidy and investment. Regarding the former, one of the most hopeful signs for inner cities in recent years has been the gradual transformation of a handful of depressed areas into mixed-income neighborhoods, largely through the Herculean efforts of not-for-profit housing groups. From their vantage point, inner cities will never be rebuilt as long as they remain

concentrated pockets of poverty engendering all the social pathologies outlined in William Julius Wilson's *When Work Disappears*.

Conversely, as the other part of a dispersal and integration strategy, many business groups, welfare reformers, housing advocates, job trainers, and educators have shifted their focus to getting impoverished inner-city residents minimally trained and out to entry-level jobs in the suburbs. Yet Porter attacks programs that seek to disperse the poor and move them closer to where the jobs already exist. "Programs are devoting significant resources to trying to move people to jobs rather than focus on the barriers to job growth in inner cities and cities in the first place," he said.

For the fiscal health of cities and the social and moral health of the nation, the mostly minority poor trapped in the inner city should be encouraged to live and work throughout our metropolitan areas through vouchers, dispersed public housing, and the creation of affordable housing opportunities in suburbs. Now, with jobs going begging in the suburbs, transportation to those jobs has emerged as one of the pressing issues for desperate inner-city inhabitants.

But even if this were done, the problem of cleaning up the mess left behind by long-departed industry and abandoned housing would remain. Here, one cannot imagine creating an attractive environment for new private-sector investment without massive federal intervention—to tear down the old factories, clean up the brownfields, and rebuild the infrastructure. The process would also be greatly facilitated by removing the massive subsidies that encourage companies to put their new facilities in cornfields far from downtown. In essence we have to use the powerful hand of the public purse to encourage the private sector to adopt an in-fill strategy. But that, in turn, requires a redirection of public subsidies that currently favor sprawl.

The cure for inner-city blight will not come through finagling the private sector with old strategies dressed up as new, increased deregulation, or a new capital gains tax break. It requires a new set of public policies to channel social and physical investment back into cities. The widespread acceptance of Porter's essentially free market agenda will only deflect us from the task of building the political coalition needed to enact better policies. □