A human capital policy
for the cities

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A NEW NATIONAL administration has taken office, one of whose defining characteristics is its commitment to human capital investment, which it sees as crucial for the restoration of vigor to the American economy, the increase of good jobs for American workers, the effective competitiveness of the American economy in a world in which international competition and the openness of all markets to penetration from abroad is a new and somewhat frightening reality. In the view of the administration, and many others, investment in young people in school, in those who leave school prematurely, in those who even with high-school diplomas flounder from one inadequate job to another, in mature workers who lose jobs in an increasingly turbulent and volatile economy, has become a key task for American society. Human capital investment—better education at all levels, better training for new jobs in businesses taking advantage of new technology and new ideas of leaner organization—is seen by the leaders of the new administration as critical.

Thus a more activist phase in American national government, inspired by a new vision, opens, succeeding a series of Republi-
can administrations with quite a different vision. For twelve years, national administration has been committed to the free market, and its expectations were that the signals the market provided would suffice to guide people and firms, seeking their own interests, to the training necessary for a changing economy. Under such an outlook, the cities, which had seen in the 1960s and 1970s a huge increase in federal funds for education and training, summer jobs and public service jobs, and other needs that they defined as crucial as their populations became poorer and the proportion of minorities and new immigrants in them rose, felt ignored. The best the cities could hope for was that the rising economic tide would lift all boats, including the cities among them. But the condition of cities overall has not improved in the last dozen years—or in the two decades that preceded them, for that matter. They have become poorer, compared with their suburbs and compared with the nation as a whole. They have become increasingly the place where minorities and new immigrants live, with their additional burdens on social services. They have lost great numbers of manufacturing jobs, to suburbs, to the South, to Mexico or Puerto Rico, to foreign competitors. The "urban crisis," which has been with us for thirty years or more, is still with us. By almost all measures, cities, that is large central cities poorly off in the 1960s when the poverty program and other initiatives designed to assist them were launched, are worse off today.

A new administration often comes with a defining book, or text. When it comes to the key role of human capital investment, the defining book for this administration is Robert Reich's *The Work of Nations* (Knopf, 1991), and the defining text is the report, *America's Choice: High Skills or Low Wages* (1990). Robert Reich has become secretary of labor, and Ira Magaziner, who was chairman of the Commission on the Skills of the American Workforce that produced the report *America's Choice*, and has like Reich been a close advisor to the president, also has an important place in the new administration. We can find further elaboration of the defining vision in the report of the William T. Grant Foundation Commission on Work, Family and Citizenship, *The Forgotten Half* (1988), addressing itself to that half of America's youth who don't go to college, a commission on which Hillary Rodham Clinton sat, and in books such as *Thinking for a Living*, by Ray Marshall and Marc Tucker (Basic Books, 1992), *Made in America: Regaining the Competitive Edge*, by Michael Dertouzos, Richard K. Lester
and Robert Solow (MIT Press, 1989)—Solow was the witness who opened the president-elect’s post-election economic summit, in *Turbulence in the American Workplace*, by Peter Doeringer and others for the Committee on New American Realities of the National Planning Association (Oxford, 1991), and in other books and reports.

We here spell out the vision briefly. It argues that an American economy that was dominant for twenty-five years after the end of World War II is dominant no longer, and will not be again unless it undergoes some radical changes—and they are not to be effected by cutting tax rates and leaving it up to business and individuals to respond by increasing savings and investment and seizing economic opportunities. That dominant economy, these various analysts tell us, was based on mass production, in which the United States had pioneered, and on Taylorism (radical critics call it Fordism), which scientifically analyzed jobs and reduced them to a tiny compass which an unskilled or hardly skilled worker could fill. Powerful industrial trade unions could guarantee such workers good jobs because the United States provided a huge market and foreign competition could not easily penetrate it. National economies, for various reasons, were more self-contained than they are today.

All this has changed. In addition to the buffeting of technological change and its demands, we have more effective international competition. Manufacturing and other industries must become much more flexible, responding rapidly to the varied markets of an open and increasingly affluent world economy. Workers must become more flexible and resourceful. The jobs of unskilled or hardly skilled workers, which trade unions could protect in the former economy, and which provided high wages and benefits, are rapidly shrinking in number—as the troubles of General Motors, or the former U.S. Steel, and many other pillars of American industry demonstrate.

One can present many reasons why foreign competition has become such a powerful threat: higher savings rates in Japan and Germany, greater investment there in new capital, managements more attuned to the needs of production and less to those of the financial markets, and so on, but the analysts I have referred to place great weight on human capital, on the inferior capacities of American workers.

The argument is not foreclosed: American workers are still the
most productive in the world, overall, but their advantage over competitors such as Germany and Japan keeps on shrinking, they are no longer the most highly reimbursed workers in the world, and many comparisons, both of school children and young adults ready to enter the work force, show they are far from the best educated. That too has been disputed—as has been the overall argument that a key element in the greater competitiveness of foreign manufactured goods is the better education and training of workers. But we are not going to dispute here the basic grounds of the analysis. Rather, taking the analysis as a given, what follows? In the more benign environment for programs of education and training promised by this analysis, what policy can cities follow to improve their circumstances?

**Why it’s worse in the cities**

The analysis we have given as the defining vision of the new administration is a general one applying to the nation. Inevitably, it must apply even more forcefully to the cities. If the country has lost manufacturing jobs, the cities have lost more. If its industry has been based on unskilled and scarcely skilled workers, that certainly defines one aspect of traditional city prosperity, built on the backs of and with the hands of immigrants and migrants, generally with limited skills, whether Irish and Italian and Jewish in the nineteenth and early twentieth century, or black from the South in this century up until the 1960s, or immigrants from Latin America, the Caribbean, and Asia since the 1970s. (In this latest stage, we also have had an immigration of the more highly educated, particularly from Asia, which only strengthens the analysis: Asians, despite the fact they are recent immigrants and not white, have on the whole done well.) If the task is better education and training, the cities are more in need of it than the nation as a whole.

The cities have in general become poorer than their surrounding suburban belts, and the gap continues to widen. They have become areas of high concentrations of blacks and Hispanics, of high concentrations of new immigrants, and the combination of more poverty among their population, more of minority status, more with language difficulties, inevitably means greater burdens on educational systems. These, if they have more resources than
are found in rural areas and small towns, generally have fewer resources than are available to suburbs, and state formulas to compensate cities, despite decades of litigation and many reforms, have not done much to redress the imbalance.

The large city school districts, organized in the Council for the Great City Schools, have recently issued baseline indicators as to where they stand in the effort to reach six educational goals set by the president and the governors in 1990. These large-city school systems enroll 13.1 percent of all public school children, but they enroll 37.1 percent of all Afro-American children, 31.8 percent of all Hispanic children, 36.1 percent of all children of Limited English Proficiency, 24.5 percent of all children entitled to free or reduced lunches. The aggregate enrollment of these large city districts is 42.1 percent Afro-American, 26.5 percent Hispanic, 5.9 percent Asian American, and 25 percent non-Hispanic white. There are 5.4 million students in the public schools of these city systems—54.8 percent of them are eligible for free or reduced lunch. It comes as no surprise that on the whole they do worse, and the Afro-American or Hispanic do worse among them. Thus, one-third or less of the Afro-American and Hispanic students score above the median in tests of reading (the median is the national average), and less than 50 percent of the non-Hispanic white students score above the median. Only 36.1 percent of the tenth graders in the city school systems had completed first-year algebra—fewer than this of the Afro-Americans and Hispanics, more of the non-Hispanic whites, but still not 50 percent (the Asians did best).

One group of statistics in this compendium is particularly revealing. The number of graduates from these systems—high school graduates—is surprisingly small. Only half of the cohort of entering high-school students become graduates in four years. Thus, consider New York City. It counts 955,514 students in its system, but graduates only 34,290 a year. The four-year dropout rate is given as 17.2 percent, and it is explained as follows: The cohort of high school entrants on the basis of which this was calculated was 70,510. “After 4 years of high school, 17.2 percent had dropped out, 38.9 percent had graduated, 16.0 percent discharged to other school systems, and 27.8 percent were still enrolled. Based on studies of previous cohorts, the dropout rate of individuals by age 21 is expected to be between 25.0 percent and 30.0 percent.”
Half of the graduates enroll in four-year colleges, a fifth in two-year community colleges, and only small percentages go into vocational programs (2.5 percent) and military service (2.0 percent). Eight percent are employed full-time, 15.8 percent are "undetermined." In some respects, the system is working. When one considers the numbers who are not on track to employment or higher education, they do not seem overwhelming, even for New York City. We cannot be speaking of more than 20,000 youths a year in need of some help. In an educational system that spends $8 billion dollars a year, in a local economy with 3 million jobs, one would think that a problem of these dimensions could be handled.

There are other features of central cities which make this process of human capital improvement through social and public means more difficult, and more crucial. The percentage of families that are female-headed is greater; the number of young people connected to stable workers who can help them to a job in the typical way in which the non-college do get a job, through family and friends, is fewer; the initial jobs that help orient adolescents and non-college goers to the culture and requirements of the workplace are fewer, as manufacturing and other business leaves the inner city. This situation has been most dramatically described by William Julius Wilson in *The Truly Disadvantaged*. As it is put in a quotation in *The Forgotten Half* by Loic J.D. Wacquant and Wilson:

> Increased joblessness, poverty and receipt of welfare do not simply result mechanically from having large numbers of poor together in the same areas. They signal ... not merely a quantitative concentration of poverty but a transformation of the social and institutional structure of the inner city which, given profound economic changes, puts their residents in a radically more constraining situation than their counterparts of earlier times or the poor of other neighborhoods.

The "forgotten half" problem

A human capital approach for the cities means in the large two things, two thrusts. One is attention to education. And that has not been neglected, at least as far as attention is concerned, even in the last two administrations, with their distance from the city and urban problems. The report of the National Commission on
Excellence in Education in 1983, *A Nation at Risk*, appeared while many reform initiatives were stirring in the states, but had an enormous impact in spurring yet further measures. In 1989, George Bush called an unparalleled education summit of all the governors, who set education goals for the year 2000. One cannot possibly summarize all the initiatives that have been started with the general objective of improving levels of achievement in American education.

We will have little to say in this article about the “unforgotten half,” those who do go on to college, whether directly or through the route of community college. Whatever the failures of college education in the United States, college graduates do well enough. Indeed, a crucial initiating datum for the analysis of Robert Reich and the *America’s Choice* report was the fact that the college graduate, and even the non-graduate college goer (one-half of the unforgotten half), does better than the high-school graduate and the high-school dropout.

One of the most surprising developments of the last fifteen years has been the growing gap between the wages of high-school dropouts and high-school graduates and college goers and college graduates. Even as perceptive an analyst as Richard Freeman, in his 1975 book, *The Overeducated American*, did not foresee this phenomenon—he felt that we were already educating to college standards more people than the jobs available for the college-educated. Many foresaw a future of college graduates driving taxicabs and selling shoes. Of course many did, many still do, but we are still very far from the educated unemployment of developing countries, or our own depression.

The statistics are unmistakable. The gap between the college-educated and the high-school dropout and high-school graduate has widened. As *America’s Choice* summarizes it: Between 1979 and 1987, the earnings of men 24-34 who had less than four years of high school dropped 12 percent, of high school graduates 9 percent, of those with 2-3 years of college 5 percent; while the income of college graduates rose 8 percent, of those with more than four years of college rose 10 percent (we should recall at ages 24-34 such men are only at the beginning of their careers). Women did better, all along the line. The college graduate, in the prevailing analysis, does well enough, whether prepared for a specialized occupation or profession, or simply as a “symbolic analyst,” pre-
pared to use words, understand concepts, write memoranda, and the like. It is the "forgotten half" on whom we must focus.

It is primarily for them that the second major prong of human capital investment policy, the employment and training system, has been devised. This varied enterprise, built on the assumption the schools have provided a basic education, but very often taking on the task of making up for the defects of a basic education, prepares people for work in all its aspects. One-half or more of high school graduates continue to prepare for work by going to community college or college. Whatever the strength of a liberal arts tradition in American colleges, it is clear to all who go on to college that this is a means of preparing for productive work. Many of the specific courses for which students enroll and the degrees for which they study are already directly work-related—engineering, business degrees, education. Those who are in fields not directly work-related are very often on course to further education that is directly work-related—law, medicine, other professions. It is work training for the others, "the forgotten half," that has been the focus of our efforts in employment and training for the past thirty years. A human capital approach must place as much weight on this system—whether remedial, or specialized to teach specific skills—as on education more narrowly understood, the work of the public schools.

Of course the two are connected: The compulsory education system, lasting for most a full twelve years, is the necessary base for further training for work. Its failures also set the agenda for much of the employment and training system.

**Japan and Germany as models?**

When it comes to employment and training, the prevailing analysis of our problems focuses on our successful international competitors, in particular Japan and Germany, and asks, can we do as well? For in those countries we see remarkably coherent systems of training for work, systems which do not leave so many thousands out in the cold floundering without skills and without leads to jobs that will provide a decent income and basic benefits.

Japan and Germany fascinate us: We do not see aimless groups of youth populating the poorer parts of the city, without jobs, apparently without the education or motivation or will to get jobs, forming a threat not only to the effectiveness of the economy be-
cause their labor is not available or used but also to the social peace of the city. Indeed, this latter threat, so evident in the American city—the threat of crime—plays a large role in the flight of business and industry from the city, either to find safer precincts, or to avoid the burden of the costs of crime, or of higher taxation to fight crime and social problems that have their sources in poor education and inadequacy to perform in the labor market.

I am summarizing the prevailing understanding: I think it is true. Others would ask, but are there good jobs for these people, even if better educated and better qualified? And are they not poorly educated and underqualified simply because they know there are no such jobs out there, and thus their motivation to perform is weak? However we resolve this problem, and it is a real one, the city as an actor cannot help but adopt the first posture, that better education and training are essential: The city cannot create the national economic policies that might produce a buoyant economy, it cannot deal with the problems of international competition the way the national state can, even though cities keep on sending their mayors off to Japan and Europe to seek investment. It is clear that the city’s first responsibility, acting on the hope that it is the quality of its young people and labor force that is a determinant factor, is to improve education and training for employment through those branches of educational and social policy that are within its reach. And indeed if it does, and reduces the costs of crime and welfare and social problems, it will become more attractive to business, as the quality of the available labor improves, as the social environment improves, as taxes decline.

In any case, we are bemused by Japan and Germany, and Sweden and Denmark, and other countries which seem to have a much more effective and systematic approach to preparing youth for productive work than we do.

One problem with this bemusement is that they do it in such different ways. In Japan, schools have nothing to do with preparing young people for work directly. Japanese schools are strictly academic. As Paul Osterman puts it (Employment Futures, Oxford, 1988):

After World War II, Japan faced a shortage of skilled labor. It had this in common with much of Europe. Yet whereas European nations developed extensive vocational training in the context of public edu-
cation and created a large postschool training system, the Japanese solution involved very little provision of training, either in schools or job-training programs. In 1976, Japan spent .04 percent of its GDP on government-provided adult job-training programs, whereas Sweden, at the other extreme, spent .72 percent of its GDP and the United States .26 percent. The picture isn't very different with regard to vocational education in the schools.... Furthermore, Japanese public education has a very anti-vocational orientation....

In other words, we already in 1976 spent proportionately more than six times as much as Japan, if only one-third as much as Sweden.

So how does Japan get such a highly qualified work force? One reason is that the quality of its public education is so good, and its students do so much better than ours, in those areas of education which are common enough to be tested and compared (mathematics, science). But another reason is that Japanese business and industry invest a great deal in training workers, and look only for academic qualifications among those they select and train.

The Germans do it very differently, as many recent articles describing the German system have pointed out. At school leaving, after ten years of education, those not going on to university will take up an apprenticeship. That is something like 70 percent of all young Germans. The apprenticeship lasts two or three years, during which the apprentice gets training wages. During that period, he or she will attend a state school one day a week providing a related vocational-academic program. The apprentice will be trained in one of 380 occupations for which examinations exist. The examinations, passed after training, permit the apprentice to work at the trade for which he or she was trained. Apprentices very often graduate to work with the business or firm in which they have trained. State and local governments spend $5.5 billion on vocational education, the federal government adds $4.5 billion, the costs to business and industry are also large. One estimate is that it costs $8,400 for each apprentice a year—far more than we spend in almost any work-training program. The system is administered by the Federal Labor Agency which employs 96,000 people.

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The program is huge: In 1992, 595,000 entered an apprenticeship program, some 1.6 million are currently enrolled in apprenticeships, 6.5 percent of the labor force. This flurry of articles on German apprenticeship appeared in part because of President Clinton’s expressed commitment to more effective and wide-reaching apprenticeship programs.

Not everyone is happy with even the admirable German program. In the New York Times, Stephen Kinzer quotes the Frankfurter Rundschau:

Do we really need apprentices in every bakery, art studio, hotel, travel agency and gas station? [And what, one wonders, can they possibly learn that requires two or three years of apprenticeship?] The usual answer is, Of course we do, because otherwise what would happen to our business and industries? How would we keep training the typical German high-tech workers who are the envy of the world from Japan to Detroit? What would become of our social and economic stability?

It is worth spending so much time on the German system because it seems to be more the kind of model we can in part follow than the Japanese, which seems so different from anything we do. We already emphasize placing attention on preparation for work in the educational system through its links with business, and have developed these connections substantially in the last ten years. The German model has had more influence on the proposals of the report America’s Choice than the Japanese and other systems.

Us and them

But how do we get from here to there, can we get there, and should we get there? We do have real apprenticeship programs in the United States, but they enroll at best 200,000 or 300,000 young Americans, they are concentrated in the building trades, and they have a reputation for discriminating against blacks. (A recent New York Times report by Ronald Sullivan tells us: “Construction unions in New York City that have long been criticized for excluding members of racial minority groups have agreed to recruit 25 percent of their new apprentices from the overwhelmingly black and Hispanic graduating classes of the city’s vocational high schools.” Twenty-five percent seems rather paltry in a city that is one-half black and Hispanic, and whose vocational schools are “overwhelmingly” black and Hispanic. This is an old and still unresolved problem.)
Aside from our very small apprenticeship programs, based, just as the far more extensive German system, on old guild traditions, we have created over thirty years a very substantial but disorderly work and training system. We have been down this road before, that is, the creation of programs to prepare youth for work (and older workers for new work). The poverty program and its varied successors created a huge network of providers of some kind of human-capital improvement aimed at the poor and minorities. Most of this enterprise was maintained during the Nixon administration. It saw a burst of expansion in the Carter administration, with its substantial investments in employment and training programs. Much of it has survived even the dry years of recent Republican administrations.

There was an explosion of community organizations during the poverty program years that provided assistance to those whose capacity for work was limited—anti-dropout programs, intensive residential job training, labor market preparation programs, temporary jobs for in-school, or out-of-school youths, special intensive programs for welfare mothers and ex-offenders, for girls at risk of becoming pregnant or already mothers, and so on. Indeed, the number of programs, with their varied acronyms, boggles the mind. They had their bad periods and their good, went out of existence and came into existence as funds flowed or were cut off, but more of them survived the federal drought than seemed likely, and many imaginatively found new sources of funds (foundations, city government, state programs) as federal programs waned, or managed to connect in some ways with whatever federal initiative still persisted. But the result of all this has been thin indeed.

**What the studies show**

One key aspect of American social policy for the past thirty years that has been distinctive is that instead of launching vast new enterprises with confidence, it tries to first cautiously test effectiveness through demonstration, evaluation, and research. We may not be very good at establishing permanent institutions on a national scale that deal with the problems of improving human capital, as Germany and Sweden have, but we are quite good at testing whatever enterprises we launch. The results on the whole have been disheartening. One of the major initiatives of the Carter years was the expansion of such programs. One can read the re-
results of the many evaluations in such volumes as Robert Taggart’s *A Fisherman’s Guide: An Assessment of Training and Remediation Strategies* (1981) or *Youth Employment and Training Programs: The YEDPA Years*, by Charles L. Betsey and his associates (1985). (“YEDPA” stood for “Youth Employment and Demonstration Projects Act,” and perhaps reached the nadir in euphony of this long sequence of programs for human capital investment for improved performance.)

Both of these major evaluations ended up with rather similar conclusions. American efforts at employment and training, despite the energy and intelligence and large sums that were invested, suffered from a number of consistent faults. The YEDPA evaluation points out that the legislation created a program that combined too short a time schedule with too many different program elements and objectives. Quite typically, the aim in these programs was not only to provide employment and/or training, but to target dropouts, or minorities, or the hard-core unemployed, or young women, and success was predicated on reaching various groups. We were solving social as well as employment problems. The legislation setting up these programs and their accompanying evaluations generally gave them too little time in which to show results and too little time to make their case before further reauthorizations. There were of course also great changes from one administration to the next, and also substantial changes in program definitions from one fiscal year to the next. Funding was never assured. The various agencies created to carry out the programs had no assurance of continuity, had no professionalized and experienced staff, were better suited to exerting political pressure to get funds than to carrying out the program objectives of training or dropout prevention or basic education or placement in jobs or whatever the specific objectives of the program might be.

The conclusion of the YEDPA evaluation is striking but typical. It describes a fundamental dilemma of the system of employment and training in the United States:

> The employment and training system is trying to do what the education system should be doing.... Yet the employment and training system has not attained stability of funding, professionalization of staff, and delineation of authority, in short, institutionalization, of the sort that has given the educational system its accepted place in the mainstream of American life. As a result, in most communities, organizations involved in training are considered marginal.
But the evaluators caution:

The educational system, on the other hand, should not be taken as an exact model for the institutionalization of the employment and training system, since it has not yet found an effective way to prepare a substantial part of the youth population for later employment.

Robert Taggart, looking at the entire employment and training enterprise in the Carter administration and before, came to conclusions consistent with these. He was unhappy in addition with the fact that many of these programs provided stipends, and thus many enrolled in them more for the stipends than for the training, and that programs did not discipline those who exploited them. His conclusions, to my reading, were that, surprisingly, these programs should be in some respects more like school—longer, graduated from the simpler to the more complex, people should not be paid for attending, and individuals should have to show clear evidence of success. Short-term programs, of the kind that were typical in the work-training world, could not deal with the severe problems many brought.

Paul Osterman, in an informed and penetrating recent review of American programs for employment and training, concludes that they achieve little (as do the evaluations of Taggart and Betsey), and his analysis of their failings is similar:

We must conclude that employment and training programs are marginal to the operation of the labor market. Whatever process generates the low earnings of the system's clients is only glancingly affected by the existence of the programs. The system is also marginal in other ways. The changing federal legislation has so frequently shifted the respective roles of federal, state, and city governments that consistent governance has become difficult. However, it is at the point of program delivery that the true nature of the programs is apparent. Regardless of the particular federal legislation ... the actual service deliverers have always been a collection of community action groups and social service agencies, national community-based organizations, and city agencies. The chief characteristic of many of these "program operators" has been their instability and lack of a consistent internal structure. In sharp contrast to the most analogous institution—the school system—these agencies come in and out of existence, there are no accepted certification or training requirements for staff, curriculum varies over space and time, and career lines for staff are virtually non-existent. Indeed, some estimates for the CETA period are that turnover rates of professional staff were between 25 and 50 percent per year!... The system can be interpreted as an in-
ner-city patronage operation that succeeds in its latent function of channeling resources to community groups.

Equally indicative of its marginal character, and more damning of the possibility of success, is the tenuous relationship of the employment and training system to the private economy.... American business takes training seriously and expends considerable resources to accomplish it.... one might expect that firms would eagerly turn to a public system that was prepared to underwrite some of the costs. Yet this has not proved true. Employment and training programs have found it very difficult.... The Bureau of National Affairs found that only 9 percent (in a recent survey of firms concerning training programs) had any involvement at all with the Job Training Partnership Act.

The federally funded and locally and community-managed employment and training system has become stigmatized as a form of welfare, programs for losers. This was not necessarily so when the federal government first became involved, with the Manpower and Development Training Act of 1962, which was predicated on the assumption that workers losing jobs because of technological and economic change could be assisted by retraining. But with the wave of programs of the War on Poverty, employment and training became identified with those who were hard to train and hard to employ.

Our employment and training programs seem to suffer from the faults of other programs for the poorest, such as public housing and welfare. They are not general entitlements for all workers, but are targeted to the most needy. Whether because they have never been funded adequately or because they are in such large measure programs for minorities or because they are targeted on the most difficult cases, they are not effective. Osterman gives the example of a test of one program, in which the government provides a subsidy to employers who hire a targeted group of work-seekers drawn from the hard-to-employ. Similar applicants, with subsidies available, and without, were matched; employers preferred the applicants without subsidy.

So we are far from the German situation, in which no stigma attaches to those in the apprenticeship programs (after all, 70 percent of the work force passes through them), or the Swedish situation, in which so much is spent on the retraining of workers throughout the occupational system. We have created a separate, poorly organized, complexly administered set of programs, based on variably competent community groups, with no great record of
success. The Job Corps is regularly listed as the great success in this system. When one looks at the measures by which it is considered successful—a few weeks more employment a year, a few hundred dollars more a year in earnings—it is enough to make us think, if this is success, how much more poorly do all the others do?

To all this must be added the inordinate complexity imposed on these systems at the state as well as the federal level. As *America’s Choice* describes:

The network of public training activities in this country has been created as a result of unrelated educational, social, and economic development goals rather than from any overall vision of human resource development.... These various and often unintended origins of our adult training and employment ‘system’ have created a bewildering array of services, programs and providers.

In Michigan, for example, $800 million in combined annual state and federal funds are scattered across 70 separate training and education funding programs, administered by nine different departments of state government, and offered by innumerable local providers. In New York, 19 different units of state government distribute $725 million in job training services through more than 85 different programs. At the local labor market level, where people seek training and employers seek workers, the picture is blurred. Lack of information on provision, price and quality continually frustrate the efforts of employers, agency officials, and customers.

**Promising paths**

If the evaluations have been so uniformly bleak, what can be different now? How can we improve on the course of the past, with at least four years of a new and sympathetic administration, and informed by a better understanding of our human capital problems and how they affect the nation and the cities?

Whether or not we can define new programs that are more effective than those of the 1960s and 1970s and 1980s is unclear, but certainly something new has been added in the 1990s: and that is the chill sense that these programs must not only lift up urban youth, but also contribute to America’s international competitiveness. Perhaps this additional task will concentrate the mind.

But whether or not it concentrates the mind, one must recognize regretfully it cannot concentrate the energy of our politically elected leaders and politically appointed officials to the point where
anything like the German system or any great increase in order and systematic organization can be expected. These energetic and able people will have at most a few years in which to make an impact: They will not spend it in trying to make the current system more orderly, or in trying to make one new big system to replace it. Rather, more money will be put into old programs that look good or have sufficient political clout, and into new ideas that look good. Americans are rather more fertile in thinking up new ideas (and trying to get credit for them) than they are in creating new, stable institutions. That is why we have so many student-lending programs, and indeed other programs in whatever area one can think of.

Our constitutional system, with its fifty states, encourages this diversity. Our system of local government, with its great variations from state to state, also encourages this diversity. The very diversity of our people, in race and religion and national origins, and the scale of the country, inevitably make for this diversity. Our traditions of civil service, which give no great honor or credit to long service in established bureaucracies, also encourage this diversity. Every new secretary of labor, or governor, or mayor, or superintendent of schools, and go down the line as far as you wish, will want to make his or her mark, and it will rarely be made by creating order where there was disorder, German efficiency where there was blooming, blazing American confusion. I do not celebrate this; I simply think one must accept it as reality.

Thus there was more wisdom than President Bush (or his speechwriter) knew in the phrase "a thousand points of light." It is my guess that we will progress, if we do, to the degree it is possible for us to multiply programs and initiatives which relate school and education and training to skills and work more effectively. In fact, we already see the institutions, in all their nascent forms, which do some of this.

In the books and reports I have referred to, all of which tend to dream of and hope for a national and uniform system—if not Germany and Sweden, coming close to them—we are given examples of success. To some extent these are replicable and presented to us because they are replicable. Yet in each case, if one knows more, one sees distinctive features for each city, perhaps to be found in some others, perhaps not. Here there is an energetic and effective mayor, there a school superintendent, here an
effective local community organization, there a coherent body of concerned businessmen. Here one person or group takes the lead, there another. It is hard to see how it can be very different. We must build on what exists. What exists is various, indeed multifarious. It would be impossible to summarize the various programs which try to bring greater work skills into the schools, or provide better work skills for those who leave school, with the help of local business, business organizations, community groups, foundations, mentors, volunteers, philanthropists, ethnic organizations, and so on and so on. But we can describe some of these promising initiatives.

**The case of Boston**

The Boston Compact is a particular favorite of these efforts to exhort us to develop a more effective educational system linked to higher skills and rewarding work. It plays a role in almost all the books and reports we have referred to. Begun in 1982, through the efforts of a very energetic school superintendent and a particularly coherent and enlightened business leadership, it exchanged the promise of business assistance to the schools, and of jobs for its graduates, for promises of increased school performance and reduced numbers of dropouts. This was the crude bargain, but to do anything effective, beyond public relations, was far more complex.

Even for this one program for one city the eyes would glaze over if one listed all the elements involved and projects launched to reduce dropouts, improve performance, get students who could into college, and those who couldn’t or didn’t want to into employment. Undoubtedly the Compact was also assisted by the “Massachusetts Miracle” of the later 1980s—as it was harmed by the very rapid collapse of the Massachusetts Miracle, with the crisis in the computer industry and the decline in defense contracts in the early 1990s.

More students did go on to higher postsecondary education. Of 2,700 graduates in 1987, 36 percent went on to full time postsecondary education, 20 percent were working and studying (these make up the “unforgotten half”), 1,000 got jobs at an average wage of $6.18, 3,000 students were put in summer jobs in 669 companies at an average wage of $5.39. But all this was rather low-tech. The dropouts—as numerous possibly as the graduates—were not
affected much, and the graduates did not do that well. The details of the company-school connection show how chary the companies were of being able to find really adequate full-time employees from the Boston schools. The number of dropouts did not fall, which was a sticking point with the business side of the Compact. As was the fact that the achievement scores and general reputation of the Boston schools did not rise.

In a rather more detailed study of this business-school connection by Eleanor Farrar and Anthony Cipollone, we are told by a “career experience” teacher (especially assigned to tell students about jobs, counsel them):

The combination of putting kids in a work situation with counseling and school-work had a great effect. It has increased attendance.... For students, the Compact shows the longitudinal picture, that there is a connection between school and work. Seeing this in real life does more to put pressure on the kids than anything teachers can say. It has made discipline problems less.

But that is not very much. As this study goes on to say, “But simply clocking hours in school will not overcome many youngster’s very real academic deficiencies.” One active participant is quoted: “The biggest problem is still in the area of basic skills. If there’s any weakness in the Compact, it’s... in its ability to tackle this problem.” Another: “The greatest storm cloud is around the basic skills that kids enter ninth grade with and the relative inability of the high schools so far to change that.” The authors write, “the school system must deliver on its side of the business/education compact.” It was easy enough in a period of low unemployment to provide the jobs. It seemed inordinately difficult for the school system to raise basic skills substantially or reduce dropouts.

There were already in 1985 shadows:

The Compact’s independence from the rest of the system bothered the School Committee and the Teachers’ Union. John O’Bryant [a member of the School Committee] described the compact as a “semi-autonomous unit” and said that “the School Committee is going to have trouble with that. We want all the people who are working in the schools to be certified....” He and Ed Doherty [of the Teachers’ Union] noted that the staff the Compact assigned to the schools are not paid salaries comparable to those of other school staff. Yet, according to Doherty, they’re doing guidance work.
The superintendent who helped start it all left and the new one had his own ideas about how to improve the schools:

In 1986 [the Compact] was merged with the school-based management and school improvement programs and then merged once more with the Department’s staff development function. Officially part of the Office for School Assistance, the Compact was settled in the middle of the bureaucracy. Its staff was three layers removed from the Superintendent and reported to some of the curriculum and instruction staff they used to fight with.

Various key figures had left for other jobs.

The Compact persists, but it has not transformed the Boston schools, or much raised the capacity of the forgotten half on whom Boston’s economy is in large part dependent.

City Year and Project ProTech

Other enterprises flourish in Boston. Much attention has been given to Boston’s City Year as one model for the national service program to which the new president is committed, and Clinton’s aides visited it during the transition. Privately funded (as is in large measure the Boston Compact), it mixes youth from various classes, “Andover and Exeter graduates along with knife-scarred gang members,” for a year of useful work. It has now received a $7 million grant from the federal Commission on National and Community Service to double its numbers to 550. (Last year it chose 240 from 800 applicants.) They earn $100 a week, and at the end of nine months, if they have shown up on time and not missed work, a $5,000 bonus. They must also, before the end of the year, “register to vote, obtain a library card, produce a resume, complete a workshop in tax preparation and, if they are not high school graduates, get a GED.” It is considered the most successful urban corps program in America. There are many others. The youths work at many things, and the article by Mary Jordan of the Washington Post from which this description is drawn describes them cleaning up a historic cemetery.

This is not very hi-tech. Yet another snapshot from Boston, by Jason DeParle of the New York Times, describes a program closer to the admired German model. It focuses on two high school girls in an innovative project. They are bored in their physics class:

But in the afternoon they are cheerful exemplars of the job-training approach that economists, in unusual numbers, are endorsing as a
tonic for the nation's ailing economy. As members of a youth apprenticeship program here, called Project ProTech, they spend part of their high school days cultivating a marketable skill, in their case as hospital technicians.

Traveling each day to one of the nation's premier teaching hospitals, they turn tissue samples into medical slides....

Program officials warn that it takes considerable amounts of time and money to coordinate the three-way relationship among the schools, hospitals and the Private Industry Council, the business group that runs ProTech. Even with a $970,000 Federal grant, the program is able to serve only 120 of the city's 15,000 high school students.

For the two apprentice hospital technicians,

the program does seem to be having a clear, positive effect. But it is not necessarily the one intended. The students, their families and their supervisors say the program has raised their confidence and drive, but neither student is sure she wants to be a histology technician. Both are applying to four-year colleges, something they did not plan to do before entering the program....

The hospital's vice-president for human resources said its decision to join the program was born of both altruism and self-interest. "We've got a lot of jobs to fill, and we need highly technical people," he said, explaining that he sometimes recruits trained technicians from as far away as Ireland. Taking on 10 high school students who earn $6 an hour gives him the chance to train and screen potential future employees.

But he warns that letting high school students loose in hospital laboratories involves 'an enormous commitment of time and resources.' The students' salaries alone will cost the hospital $74,000 this year, and Mr. Manheimer estimates the program consumes another $20,000 worth of supervisors' salaries.

One of the two students applying to four-year colleges, we are told, has a combined score on the Scholastic Aptitude Test of 730.

The story illustrates the difficulties of introducing something like the German system. The training is expensive. Will the businesses or firms or nonprofit organizations that pay for it get the benefit of the training in which they have invested, if, as is so likely, the trainees decide to take their new skills down the road, or to another city or region, or to go on to postsecondary education, which offers so many opportunities, even to the barely skilled and qualified with a 730 SAT? The United States is a highly mobile and open country, with strong traditions of moving on, with many opportunities for a second, and a third, and even further
chances. That certainly limits the enthusiasm of the employer for high-cost investment in workers who may not stay. We read in the accounts from Germany of similar problems there, as the postsecondary system expands and becomes more attractive to those who formerly could not have made it into the university system.

But would we want it otherwise? There are many examples of truly high-tech training to bring workers to the high level of skill that is common in Japan and Germany and essential for the United States—after all, United States industry is still very far from down the tubes. These programs, in the examples that I have seen reported, are run by companies, with no government assistance, out of strict self-interest. But so many of the accounts that describe efforts to upgrade the American labor force concentrate on the enormous waste and cost of trying to instill, in the workplace, the minimal skills of reading and writing that should be the task of the public schools.

“A thousand points of light”

So what is the defining vision for a city program in employment and training, in the more benign environment in which new national programs will be launched? There will undoubtedly be a national service program, its dimensions and character undefined, but perhaps something like Boston’s City Year, or perhaps something like the Peace Corps and its equivalents, and more closely linked to the need to provide funds for college education. There will be an expanded apprenticeship program, trying to reach beyond the building trades.

For the cities, the aim must simply be more of the same. It is not possible to build in a country with our federal and political and social traditions an all-embracing system such as the ones that exist in Germany or Sweden. What we can do is encourage and press for the kind of activities at which we are best—new and varied ideas, introduced by voluntary organizations, foundations, community groups, funded from various sources. The advice from past experience that seems best is to spend less time on reorganization—bursts of reorganization leave matters very much as they were before—more time seeking out and supporting new ideas, and perhaps most important, recognizing in all this the need for more—more time, more money, more experienced staff. This is the advice of those who studied the programs of the Carter years
and it still makes sense. Literacy programs take more time and effort than we thought, changing behavior to adapt to the needs of the workplace takes more time and money than we thought, learning some skills, for youth with weak education, weak motivation, takes longer. Programs if possible should build on each other, as Taggart suggested, in effect becoming a school beyond school. Successful programs require, for those with the most difficulty, steady support, even after, or particularly after, the first job has been gotten. All this seems like more paternalistic (or maternalistic) babying than should be necessary, but a substantial part of our urban youth needs it.

It would be tempting to depend on a rising economy to solve all these problems. But the experience of Boston and eastern Massachusetts in the few years of very low unemployment and easy availability of jobs in the late 1980s shows it does not. It would be tempting to depend on the family, that great educational agency which once provided the work habits and motivation necessary for effective participation in the labor force, to do it, but many families today cannot. In the inner-city schools, one-parent families are often the norm; after the crack epidemic, we are becoming familiar with the no-parent family. Of course we should strengthen the economy, and if we can learn how, strengthen the family. But the work-training system, the remedial function, will still be essential. Half the graduates are ready and able to go on to college, much of the "forgotten half" has the support of the family and work traditions and does not need the remedial system. Our remedial system is still necessary for those worst off, and I do not see how we can get out of that situation.