The return of a Democrat to the White House has led the nation's big city mayors and other advocates of urban interests to hope that the national government will once again fund a large-scale "urban policy." The reigning assumption behind this hope, one validated by media coverage of the Los Angeles riots last year, is that America's cities, especially its bigger ones, are in the grip of an "urban crisis" stemming largely from the federal government's willful neglect of the cities during the twelve lean years of Republican presidential rule. For the time being the promotion of Clinton's urban policy must take a back seat to the grander projects of economic revitalization and health reform. But sooner or later Washington will get around to sending a lot more money to the cities to ease their collective and individual crises. If this hap-
pens without rethinking the true nature of the cities' problems, and without recasting the solutions, the new money will no more solve the cities' problems than did the billions spent on urban policies past.

**Our urban squalor**

What, exactly, constitutes the crisis of America's cities? The United States has long faced two very different urban dilemmas. One is the fact that all U.S. metropolitan areas have large numbers of very poor, usually disproportionately minority, households; households suffering not just from poverty, but from many attendant social problems. This has frequently been deplored, but rarely characterized as a crisis. The other dilemma is that the natural locational forces of U.S. metropolitan areas, in combination with the effects of their jurisdictional fragmentation, conspire to keep most poor households in the central cities. It is this geographic fact that is perceived as a crisis, and that is the focus of the various national and state efforts labeled as "urban policy." We have been preoccupied with the geography rather than the existence of poverty primarily because the central cities remain, in fact, the functional hearts of all metropolitan areas, the home base of America's media and opinion elite. Because the social problems of the metropolitan poor are concentrated in every urban region's core, they are highly visible to the leaders and visitors of metropolitan America, and they are disruptive of its image, enjoyment, and perhaps even its economic life.

The external face of these problems is revealed in a visit to any U.S. metropolitan area. Just outside any redeveloped central city downtown, with its new office towers, "festival markets," new museum and library additions, reclaimed waterfronts, and gentrified townhouse blocks, you will find a sea of urban squalor. Here you will see dozens to hundreds of blocks of deteriorated and abandoned residential structures amidst filthy and ill-maintained streets, parks, schools, and public housing projects. Behind the wretched physical facade of the area lie the depressing statistics of unemployment, family breakdown, substance abuse, crime, and welfare dependency.

Fifty years of local experimentation have taught us that neither pervasive urban poverty nor its social correlates have municipal or metropolitan causes or cures. National economic and
social factors are responsible for the problems and only national policies can correct them. But the concentration of these problems in the neighborhoods of the central cities and a few other unlucky municipalities, and the strain on the hapless host municipalities of funding and managing responses to them is a local issue; it is primarily a product of America's metropolitan policies. National, state, and local policies for metropolitan areas affect the way urban problems are spatially distributed; such policies allow most suburban communities to strategically keep urban problems outside their own gates, and they make these problems mainly the burden and responsibility of the places where they are situated.

A municipal concern

Under present arrangements dealing with poverty is mostly a municipal concern. In addition to the usual array of broad-based local services: education, infrastructure, and public safety, cities and suburbs are expected to offer critical health, housing, income assistance, and social services to their poor. The latter services are costly, difficult to administer, and often ineffective, and the resources they consume make it harder for affected places to provide high quality educational and other services for the rest of their residents. This subjects cities to a perverse and vicious cycle. Unlike many suburbs, cities cannot limit or determine their populations. The dynamics of each metropolitan system, present and past, acting through countless individual locational choices, capriciously deals each city its demographic hand. Because a city has to address the social as well as functional needs of its residents, the particular profile of households within its boundaries determines whether or not the city is a desirable place to live. If a city is perceived as an undesirable place to live, its complement of metropolitan households will become increasingly problematical, exacerbating its "urban crisis."

The large concentrations of the poor in U.S. cities have most urgently compromised what is increasingly characterized as the affected municipalities' quality of life. The term, while vague, describes three things: the attractiveness, functional adequacy, and cleanliness of the physical environment (streets, sewers, parks, housing, etc.); the quality of local education and other ordinary
municipal services; and the level of civil order—meaning the extent of crime, graffiti, drugs, homelessness, or other real and perceived threats. It is in the realm of quality of life that the central cities are at the greatest disadvantage relative to their suburbs. The need to provide an expensive array of social, health, and housing services for the poor keeps cities from lavishing more money and attention on education, parks, and roads. Education, for example, consumes about half of most suburban budgets, but rarely more than a third of most central cities’. And the cities’ lower level of school funding must be expended on more educationally intractable pupils. But most critically, from the point of view of other urban residents, the social problems of the poor contribute to the cities’ physical blight and civil disorder. A key substantive and symbolic indicator of disorder, one keenly affecting popular perceptions of the cities, is crime. Differences in crime rates between central cities and their suburbs are dramatic. From Boston to Seattle, from Milwaukee to New Orleans, central city crime is anywhere from twice to ten times as prevalent as in a typical suburb.

Fifty years ago most U.S. cities dominated their metropolitan regions, and less than a third of the urban population lived in the suburbs. The cost of servicing the urban poor was not so great, and it was spread across a broad range of central city households and businesses. After the Second World War, however, the dramatic expansion of metropolitan regions transformed the suburbs from mere adjuncts to powerful competitors of the central cities. The quality of life disparities between cities and suburbs are now so large, and so widely perceived, that the suburbs have become fiscal and quality-of-life sanctuaries, with profound effects on the locational choices of metropolitan households and businesses. While the economic benefits of centrality keep many businesses and households in the central cities, a large complement of metropolitan economic and residential activity is free to move to the suburbs without suffering serious inconvenience or economic loss. If localities vary not only in their convenience, physical facilities, and other intrinsic characteristics, but in the quality of their services and the taxes they levy to pay for them, households and businesses will obviously choose to settle in the more “successful” communities when they can, even if this contradicts the iron logic of urban economics.
Recognizing that their demographic and commercial mix may make the difference between governmental success or failure, and between a luxurious or squalid quality of life, municipalities compete with each other to recruit the most beneficial mix of higher-income households and businesses they can. Unfortunately for the central cities and low-income suburbs, this is not a competition they can ever hope to win.

The new segregation

In a metropolitan universe where jurisdictions are pitted against each other for social, fiscal, and economic survival, the most sensitive variable distorting locational choices, and affecting local conditions, is a place’s racial composition. Race is not only highly correlated with the central city poverty that middle-income households and businesses try to escape, it is its most visible symbol. Given the well-entrenched habits of racial and class bias, we would expect to find racial segregation within metropolitan regions. But the availability of suburban sanctuaries also has made racial segregation economically and socially functional for metropolitan businesses and residents. Firms and families intent on reducing contact with blacks and other minorities, by not merely distancing themselves from concentrations of minority settlement within cities, but actually moving to jurisdictions where they are diminished or absent, escape the costs of servicing the social needs of poor minority residents even as they get better funded schools and parks, patronized primarily by other middle-income whites.

An additional benefit for those who choose to segregate themselves by jurisdiction as well as geography is the ability to exercise local land-use regulatory powers. In most states, “home rule” has devolved zoning and subdivision regulations to incorporated municipal governments, giving suburban jurisdictions, even very small ones, the power to regulate the kinds of housing and business they will permit within their borders. This means that once middle- and high-income households manage to isolate themselves in the sanctuary of a suburb, they have the power (for a while at least) to resist the metropolitan-wide economic and social forces that would normally make even outer communities more racially and economically diverse. As a result of these stratagems, all U.S. metropolitan areas are intensely segregated.
by race. Large or small, northern or southern, with sizable minority populations or not, most of every area’s minorities, and even more of its minority poor, are in its central city. Here is a comparison of central city and suburban minority percentages for a sample of larger metropolitan areas:

<table>
<thead>
<tr>
<th></th>
<th>Central city</th>
<th>Suburban</th>
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</thead>
<tbody>
<tr>
<td>Atlanta</td>
<td>69</td>
<td>22</td>
</tr>
<tr>
<td>Cleveland</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>Detroit</td>
<td>78</td>
<td>7</td>
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<tr>
<td>New York</td>
<td>48</td>
<td>18</td>
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<tr>
<td>Philadelphia</td>
<td>46</td>
<td>13</td>
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<tr>
<td>Sacramento</td>
<td>40</td>
<td>15</td>
</tr>
<tr>
<td>Washington</td>
<td>70</td>
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**A matter of size**

The magnitude of these intermunicipal distortions is very much related to the central city’s share of the metropolitan pie. The larger the central city relative to its metropolitan region, and the more its profile resembles the rest of the region economically and demographically, the better off it will be. Better off, that is, in the sense of a more balanced population and industrial mix and a more secure fiscal foundation. This is the only reason why the sprawling cities of the sunbelt appear much healthier and more vital than the cities of the rustbelt. Having annexed many of their suburbs in recent decades, the municipal boundaries of sunbelt cities encompass a much larger range of metropolitan households and businesses. There is actually far more crime and poverty in the center of metropolitan Phoenix or Dallas than there is in metropolitan Cleveland or Baltimore, for example, but the cities of Phoenix or Dallas seem far less troubled, and have far fewer budgetary problems, than the cities of Cleveland or Baltimore. An exception is San Francisco, a city so small relative to its region that it comprises hardly more than the metropolitan area’s “downtown.” As such, it benefits from the cosmopolitan activities and high tax revenues that characterize large metropolitan cores while its limited territory doesn’t extend far enough out to capture most of the poverty and costly service needs of typically larger central cities.
How it happened

The decentralization of metropolitan regions was made possible by advances in transport and telecommunications technology, but federal and state policies going back to the 1950s have been instrumental in accelerating and expanding the process. Federal highway construction programs have paid for the network of expressways that brought the farflung reaches of suburbia within commuting range of metropolitan job sites, permitting the urbanization of a metropolitan frontier far from the edge of the central city. Federal income tax rules and federal home mortgage programs brought home ownership within financial reach of millions of middle-income city residents, creating a market for new housing subdivisions at the metropolitan frontier. Federal water and sewer construction subsidies underwrote the infrastructure of newly created (or at least newly populated) suburban jurisdictions, and federal grants paid for the preparation of their land use and infrastructure plans. And not insignificantly, federal corporate tax rules have made it more profitable for manufacturing firms to build new plants in the suburbs than to rebuild their old ones in the central city.

As the federal government was laying the economic foundation for the sprawling, suburbanized, metropolitan region, state governments devised the fiscal and jurisdictional arrangements which made sprawling metropolitanization functionally possible. Most states created metropolitan-wide (or, as in the case of metropolitan New York, also interstate) agencies to organize critical regional transportation, infrastructure, and environmental functions. All states developed programs of assistance to local governments, especially for schools, which made it possible for even the smallest jurisdictions, with little in the way of taxable commercial property, to offer a full-blown set of municipal services. And of course, as stated earlier, it is state laws and constitutions which devolved service and regulatory powers to localities in the first place.

These federal and state arrangements do not explicitly discriminate against central cities. Central city travelers use the federally financed highways; central city homeowners deduct their property tax and mortgage payments from their income taxes; and central city businesses depreciate their new and rebuilt facilities. Likewise, state aid for education and other local services
is as essential in balancing the budgets of central cities as it is the budgets of suburbs. The discriminatory impact of these policies lies, rather, in their subsidization of locational dynamics and governmental structures which increasingly handicap central cities vis-a-vis their suburban neighbors. By these policies the federal government subsidizes decentralization and sprawl, and more importantly, the states subsidize the jurisdictional fragmentation which increases segregation by class and race.

This, then, is the context of our decades-long national quest for an appropriate "urban policy." As metropolitan areas grew in population and territory in the decades after World War II and central cities appeared to be increasingly disadvantaged, the rationale for helping them absorb metropolitan-wide problems and fiscal burdens has generally been accepted by liberals and conservatives alike. Disagreements among them have related only to the scale and cost of urban programs.

**Aid to the cities**

At the federal level three forms of assistance have been offered to the cities. The costliest and most comprehensive, though not explicitly billed as urban policy, has involved expanding the eligibility and benefits of welfare and health programs for the metropolitan (mainly central city) poor, with their funding shared by the federal government and the states, but their management (and a share of the states' costs) assumed by municipalities. Then, in urban policy at its most self-conscious, central cities have been invited to apply for assistance in a variety of categorical programs (housing, infrastructure, job training, law enforcement, compensatory education, etc.) under terms where limited funds are awarded competitively, making applicant cities prepare elaborate plans and justifications (and exercise some political muscle) before they receive any funds. Among the most visible fruits of the categorical repertoire are the dramatically redeveloped cores of U.S. metropolitan areas, which have transformed the appearance, if not the economic base, of most large central city downtowns.

Finally in the early 1970s, Congress launched unrestricted "revenue sharing" and "block grant" programs which, by tying levels of aid to population and indicators of distress, directly engaged the fiscal needs of central and satellite cities. The most
generous and functionally non-specific of these programs, “general revenue sharing,” was relatively short-lived, however; it was terminated in 1986. What remain are programs of functionally targeted, but relatively unrestricted, local assistance for community development, social services, and education.

As for the states, aside from picking up the non-federal share of public assistance and health grants, most provide substantial assistance to local communities for education, and many also supplement local funding for social and health services, roads, and criminal justice. Most state programs of local aid are supposed to be correlated with local “need,” and aim to compensate for variations in local government tax bases.

Programs of federal and state intergovernmental aid have been promoted by urban liberals to ease the fiscal burden of the central cities and the more hard-pressed suburbs. Less explicitly, these programs, by making the fragmented distribution of resources within metropolitan regions tolerable, have been accepted by the affluent majorities outside the cities because they facilitate the white middle-class suburbanization of metropolitan regions and maintain the indefinite concentration of low-income minorities in the central cities and some older suburban satellite cities.

Thus, what American urban policy really amounts to is a kind of Faustian bargain struck by the leaders of the cities and the residents of the expanding suburbs: the cities agree to serve increasingly as the poorhouses of the metropolitan community, as long as the suburbanites—with Washington and the state capitals acting as brokers and intermediaries—underwrite the extra costs this role imposes. This bargain has, after three decades of fitful implementation, broken down. For one thing, the growing stringency of federal and state budgets has caused both governmental levels to renege significantly on their part of the bargain, prompting howls of outrage from the nation’s mayors and their partisans in Congress and the media. As a result of recurrent cuts in federal and state aid most central and satellite cities are having great difficulty balancing their budgets without draconian reductions in local services or excessive levels of taxation.

But there is a more profound problem with this metropolitan compact. No matter how much support they receive as compensation, the cities should not agree to play the role of metropoli-
tan poorhouses if they want to survive as healthy urban communities. Central and satellite cities populated disproportionately by poor, often minority, households, plus an aging cohort of middle-income families leavened only by a small cadre of “yuppies” near their downtowns, will face increasing strains on their educational, social, and other municipal services, along with soaring rates of crime, homelessness, and other problems. The unrelenting diminution of their quality of life will almost certainly persuade many of their remaining successful businesses and middle-income families to decamp for more pleasant communities in the suburbs. Even a continued resurgence of the cities’ downtown cores will only partially offset the damage wrought by such a negative downward spiral. And, bear in mind, only the largest and most cosmopolitan of U.S. metropolitan areas can sustain vibrant central business and residential districts.

A new approach

Therefore, the next wave of national and state urban policies should not merely reinstate or enlarge the established approach of reimbursing disadvantaged cities for discharging their poorhouse obligations. It should aim, instead, to promote a healthier and more economically natural distribution of regional resources and responsibilities. What does this mean in terms of specific policy objectives and concepts?

What is not being proposed is any form of metropolitan-wide government. A scheme of metropolitan governance as proposed, for example, by David Rusk in Cities Without Suburbs, is not politically viable in most regions of the United States, nor is it especially desirable. The idea would obviously be opposed most bitterly by suburban municipalities and their legislators. But it might not be enthusiastically embraced by central city politicians and their constituencies either, because of the resulting loss of central city autonomy in situations where cities would be outnumbered by their suburban partners with respect to service needs, priorities, and the allocation of revenues. Metropolitan government also does not make much sense logistically. Most metropolitan areas are simply too extensive and populous to submit to any form of centralized regional decision-making or management. In fact, the larger central cities, which comprise half or less of their metropolitan areas, are increasingly ungov-
ernable from city hall. The sunbelt cities (like Rusk's Albuquerque) still engage in a form of metropolitan government, as the central cities expand into the suburbs by annexation. This has been tolerated by suburbanites as the price for obtaining access to regional infrastructure systems to serve their rapidly growing populations. But even in the sunbelt, metropolitan government may not play well in the long run.

What is also not being proposed is an attempt to reverse the natural decentralization of metropolitan industries, as with federal, state, and local initiatives aimed at "re-industrializing" inner city economies. Decades of experiments in local "economic development" have proven to be as futile as they are costly. The new service industries that have arisen in many metropolitan cores have developed naturally, their existence rarely attributable to either the economic vision of local governments or the effectiveness of targeted subsidies.

Leveling the field

The most useful "urban policy" that federal, state, and local governments could pursue is one that promotes a more *level metropolitan playing field*. A metropolitan playing field is "level" 1) when its municipalities can be relatively indifferent to the mix of residential and commercial activities inside their borders, because no particular mix will confer a windfall or presage a disaster, and 2) when individual metropolitan households or businesses can be relatively indifferent to their municipal address as long as their site-specific needs—such as accessibility or particular services or amenities—are being met. On a level metropolitan playing field neither the governments nor the residents of metropolitan localities, central city or suburban, would be hostage to their municipal economic, social, or demographic profiles, and they would have no incentive to pursue a beggar-thy-neighbor quest for regional comparative advantage.

Helping U.S. cities to compete on level metropolitan playing fields may prove no less difficult than earlier objectives of urban policy, but to the extent that such a program could be implemented, it would at least address the fundamentals of the American urban dilemma.

Four specific policy initiatives would be instrumental in leveling the metropolitan playing field. All might meet strong politi-
cal resistance if proposed in their purest or most logical form. But all have already been accepted in principle, as well as in practice, at one time or another. Moreover it is not evident that new versions of old-style, pre-Reagan urban policies would meet any greater political acceptance.

1) **Break the nexus between services to disadvantaged households and residence in a particular jurisdiction.** Programs of income and health assistance, as well as poverty and child-related social services, should be funded and managed at the national or state level, their benefits available (like Social Security) to eligible households without regard to place of residence. Making public assistance, social service, or health benefits portable, at least within states, and administering and funding them entirely at a higher-than-municipal level of government, would do two things. It would lift the most onerous service and fiscal burdens from local jurisdictions with the largest disadvantaged populations, especially the cities. More importantly, it would permit the disadvantaged and dependent households of the cities to settle anywhere they wished within metropolitan areas. Many of these households might prefer to stay where they are, but a large number might find cheaper homes, better jobs, or more responsive municipal services in the suburbs. The greatest incentive for the poor to leave central city ghettos would be the lure of safer, cleaner, more attractive—and cheaper—suburban neighborhoods. The portability of Social Security, for example, has permitted older Americans to escape bad neighborhoods as well as bad weather. The principle of portable benefits has, of course, been enshrined in Social Security and Medicare from their inception. It is only an accident of welfare policy history that income maintenance and health benefits for the poor were originally treated differently. And Daniel Patrick Moynihan almost succeeded in persuading President Nixon and Congress in 1971 to adopt a portable national welfare system.

2) **Use state and federal aid to localities to level the regional fiscal playing field, rather than to promote categorical objectives.** Programs of state and federal assistance to localities should be aimed primarily at smoothing out disparities in municipal revenues. As it stands, the uneven distribution of businesses and households, driven by metropolitan-wide economic factors, creates enormous variation in local tax bases, even among suburbs.
These disparities have been partially addressed with formula-based, functionally specific state and federal aid. But these categorical grants have been a decidedly mixed blessing for their recipients, as attached strings and mandates often generate greater local costs than benefits. In the interest of fairness and true fiscal relief this assistance should be replaced with unrestricted grants, allowing municipalities to set their own service priorities and standards. Such a policy was actually embodied in an explicitly countercyclical federal revenue-sharing program between 1972 and 1986, which during its brief existence provided critical budgetary relief for cities hard hit by the recessions of the mid-1970s and early 1980s. It should be restored at the state as well as federal levels, but only to the extent that it replaces categorical grants.

3) Prevent localities from employing land-use and other regulatory powers to shape their population or economic base, or to secure competitive advantage over other metropolitan communities. States should make sure that the regulations of all metropolitan localities make room for balanced and rational growth. Municipalities have a legitimate objective in deploying regulations to protect, as the national and state constitutions permit, the general health and welfare of their residents. But many suburban communities go much further. When they reserve almost all of their residential land for single-family houses on large lots, when they ban multi-family housing or commercial activity, when they set impossible environmental standards, or restrict new development through policies of "growth management," they go too far. They are motivated at best by a wish to secure a beneficial quality of life at the expense of their metropolitan neighbors, or less justifiably by a wish to recruit a favorable local demographic and economic mix. Either way, they are using public powers to achieve largely private benefits. States, holding the actual constitutional power of local land-use regulation, should restrict its use to legitimate health and welfare issues. Some states, like New Jersey under its "Mount Laurel" rules and Massachusetts with its "fair share" program, already make their suburbs accept some quotient of "affordable" housing. But such policies would be more effective, as well as more acceptable politically, if, rather than specifying some level of economic integration, they merely restricted the scope of local development regulations which impede it.
4) **Encourage central cities to decentralize the management and delivery of basic services.** With most central cities anywhere from ten to three hundred times larger than their suburbs, they are simply too large to effectively deliver municipal services to their neighborhoods. One of the most important advantages of suburbs over central cities is the manageable and responsive scale of their municipal service delivery. But this is an advantage that the cities can secure for themselves by devolving to their neighborhoods the provision, and perhaps budgeting, of many of their locally based services such as schools, police, sanitation, etc. They could spend more if they wanted to tax themselves more; at the very least they could set their own budgetary priorities. Many cities have wards or other sub-municipal administrative districts, but they rarely have much authority, and almost never their own funds. Cities should be encouraged and assisted in designing and implementing plans that effect meaningful decentralization, giving their neighborhoods roughly the powers of a typical suburb.

In combination these policy ideas, if implemented even in part, would go a long way toward mitigating some of the thorniest aspects of U.S. “urban” problems. They would permit the country’s poorest households to escape crumbling central city ghettos. They would begin to reverse the extreme level of intra-metropolitan racial and class segregation. They would reduce the managerial and fiscal burdens of city governments, which have had to deal with the social problems of their regions’ poor. And they would eventually restore a more natural, and more efficient, distribution of homes and businesses across the metropolitan landscape, as people and businesses chose sites for their intrinsic benefits, rather than their municipal jurisdiction, and received the same governmental services wherever they chose to settle.