

Philanthropy's Misguided Ideas for Fixing Ghetto Poverty:

The Limits of Free Markets and Place-Based Initiatives

by Peter Dreier

Philanthropy certainly has a place in the effort to create a more equitable society, but in order to be truly effective it must turn from focusing on place-based antipoverty initiatives, and stop relying on market forces to solve the growing inequalities of income, wealth, and political power. Public opinion generally favors greater government action on these fronts, but without mobilization from movements committed to a growth-with-equity agenda, this will not translate into public policy. As the author concludes, "If philanthropists want to help create a more humane, fair, and democratic society, they should support the many organizations and activists who are building a movement for shared prosperity."

ONE HUNDRED YEARS AGO, PROGRESSIVE thinkers and activists who called for women's suffrage, an end to lynching, the right of workers to form unions, health and safety standards for workplaces, the eight-hour workday, a federal minimum wage, a progressive income tax, old-age insurance, and government-subsidized healthcare were considered impractical idealists, utopian dreamers, or dangerous socialists. Fifty years ago, those who called for women's equality, laws protecting the environment, civil rights for gays and lesbians,

and greater numbers of black and Hispanic/Latino elected officials were also considered clueless or hopelessly radical. Now we take all these ideas for granted. The radical ideas of one generation have become the common sense of the next.

Just three years ago, the idea of a \$15/hour minimum wage was also considered a crazy notion; but in 2014, Seattle passed a citywide minimum wage at that level. This "radical" idea has now become almost mainstream, and in a growing number of cities, local elected officials are proposing similar policies. The dramatic change in so short a time didn't happen by accident. It is the culmination of years of grassroots activism, changes in public opinion, and frustration with the political gridlock in Washington.

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Helen Keller was once asked if there was anything that could have been worse than losing her sight. Keller replied: "Yes, I could have lost my vision." Keller was a lifelong radical who participated in the great movements for social justice of her time. In her investigations into the causes of blindness she discovered that the poor were more likely than the rich to be blind, and she soon connected the mistreatment of the blind to the oppression of workers, women, and other groups, leading her to embrace socialism, feminism, and pacifism.¹ In a 1924 letter to Senator Robert M. La Follette Sr., Keller wrote: "Superficial charities make smooth the way of the prosperous; but to advocate that all human beings should have leisure and comfort, the decencies and refinements of life, is a Utopian dream, and one who seriously contemplates its realization indeed must be deaf, dumb, and blind."

Four decades later, Reverend Martin Luther King Jr. made a similar observation: "Philanthropy is commendable, but it must not cause the philanthropist to overlook the circumstances of economic injustice which make philanthropy necessary."

Keller and King were both practical visionaries. They reflected a long-standing American tradition of radical reform. They wanted philanthropy to be bold and to challenge the system of economic exploitation and social injustice that created so much misery. But they also wanted to see immediate changes that would improve people's lives today, without waiting for an overhaul of society.

Reformers and Radicals Confront Inequality

That radical reform tradition came of age in the late 1800s and early 1900s. At the time, America was a country dominated by rampant, unregulated capitalism, during what was sometimes called the "Gilded Age." It was a period of merger mania, an increasing concentration of wealth among the privileged few, and growing political influence by

corporate power brokers known as the "robber barons." New technologies made possible new industries, which generated great riches for the fortunate few—but at the expense of workers, many of them immigrants, who worked long hours and under dangerous conditions for little pay.

American cities were a cauldron of seething problems—poverty, slums, child labor, epidemics, sweatshops, and ethnic conflict. Corruption was widespread. Businesses routinely bribed local officials to give favorite corporations private monopolies over key public services, which were typically run inefficiently. Cities were starved for cash but businesses paid little taxes.

Out of that turmoil, activists created a progressive movement, forging a coalition of immigrants, unionists, muckraking journalists, settlement-house workers, middle-class civic reformers and suffragists, and upper-class philanthropists; while these activists spoke many languages, the movement found its united voice through organizers, clergy, and sympathetic politicians.

Some wealthy Americans—mostly college-educated women—contributed their time, talent, and money to battles to improve the lives of the immigrant poor. Jane Addams, Alice Hamilton, Florence Kelley, Lillian Wald, and others founded the settlement-house movement—the nation's first generation of community organizers—and embraced crusades for workers' rights, public health, housing reform, women's suffrage, civil rights, and peace. During the great "Uprising of the 20,000" in 1909 and 1910 (the largest strike by American women workers at the time), upper-class women affiliated with the Women's Trade Union League (WTUL) raised money for the workers' strike fund, lawyers, and bail money, and even joined the union members on picket lines. It was through her work with the WTUL that a young Eleanor Roosevelt was first exposed to the suffering of the poor, an experience that transformed her into a lifelong progressive. Frances Perkins was a recent college graduate working for the Consumers League in New York City when the Triangle Shirtwaist factory fire in March 1911 took the lives of 146 garment workers, most of them young

immigrant girls. Perkins led the campaign to get New York State to adopt laws protecting workers from dangerous sweatshop conditions. When she became Secretary of Labor during FDR's New Deal, she championed reforms such as the minimum wage, workers' rights, and Social Security. Another ally was Anne Morgan, the daughter of Wall Street chieftain J. P. Morgan. She recruited other upper-class women—and a few men—to walk picket lines and raise money for families whose daughters were killed in the Triangle Shirtwaist fire. Some of them came to the picket lines in their fancy clothes, so union organizer Rose Schneiderman referred to them as the “mink brigade.”

One of the Progressive Era's great crusades focused on improving living conditions of the urban poor. Jacob Riis's book, *How the Other Half Lives: Studies among the Tenements of New York* (1890), helped catalyze campaigns to improve housing conditions. Philanthropists joined forces with civic reformers, immigrant activists, and liberal politicians to “clean up” the slums—physically, socially, economically, and even aesthetically.² They were motivated by different values—religious faith, social idealism, noblesse oblige, and a concern for protecting or expanding the property of the affluent in city centers and adjacent areas. Some philanthropic reformers believed that cleaning up the slums required changing the behavior and the values of the poor themselves. Others sought to create philanthropy-sponsored “model tenements,” assuming that improving the physical conditions of housing in the slums would improve the lives of the inhabitants. A third group pushed to reform public policy to give the government a stronger role in regulating housing conditions and providing subsidies to house the poor.³

Ever since the Progressive Era, philanthropy, government, and intellectuals have debated those three approaches to addressing the problems of cities and the poor. In the 1960s, American foundations, catalyzed by civil rights protests and tenants' rights activism, again focused attention on the problems of urban slums. The major goals of those efforts included providing job skills to the “hard-core” underclass; nurturing nonprofit

community development organizations to build affordable housing; and empowering poor residents to gain a voice in urban renewal and other neighborhood improvement initiatives, challenge slumlords, and hold local politicians accountable.⁴

In the late 1970s and 1980s, foundation efforts (with notable exceptions) reflected the retreat from government activism and community organizing, focusing instead on neighborhood-based self-help initiatives. This approach was boosted in the 1990s by academic studies about the impacts of the concentration of poverty. As a consequence, philanthropic funders have devoted substantial resources to addressing poverty in specific geographic areas. The major focus of these recent efforts has been on “place-based” antipoverty initiatives. The most well-known example is the Harlem Children's Zone, but there have been hundreds of others, documented in several reports by the Aspen Institute called *Voices from the Field*.⁵

Seeking to understand the lessons from these initiatives, in 2014 the University of Southern California's Center on Philanthropy & Public Policy convened a series of meetings in New York, Los Angeles, and Washington, D.C., of academics, foundation staff, and policy practitioners to discuss urban poverty. Those provocative discussions led to the publication of a report, *Place-Based Initiatives in the Context of Public Policy and Markets*, that summarized the ideas generated during the gatherings and the current thinking about urban poverty and place.⁶ Those discussions and the report generally reflect the narrow perspective on poverty that, with some notable exceptions, mainstream philanthropy (as well as many policy-makers and academics) has applied to these issues over the past few decades. That thinking focuses on the poor rather than on the super-rich, and on places (geography) rather than on the larger economic system in which those places are embedded. Although the discussions and the report gave lip service to the problem of widening inequality, the prescriptions avoided any challenge to this reality.

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crisis” or of what to do about “ghetto poverty” miss the larger picture of economic inequality and the concentration of income, wealth, and political power. When most philanthropists and policy experts look at low-income neighborhoods, they miss the broader picture—that these places are part of a system of economic segregation resulting from government policies that embrace free-market ideas.⁷

Social scientists tend to study the “underclass,” but they pay much less attention to the “overclass.” The two are connected. That was one of the lessons of Occupy Wall Street. It is also one of the basic points of the book that I wrote with John Mollenkopf and Todd Swanstrom, *Place Matters: Metropolitcs for the Twenty-First Century*.⁸ The book’s title indicates that we recognize the power of place in shaping the lives and destinies of people, but our focus is not simply on the people who live in areas of concentrated poverty but rather on the broader dynamics of geographic segregation by wealth, income, and race. Poor ghettos are the flip side of rich ghettos. Poverty is the flip side of super-wealth. The solution is shared prosperity, and that never happens without strong rules that limit market forces. It requires government—and government run by people who believe in the power of laws and rules—to change human behavior, institutions, and society.

Widening Wealth and Income Inequality

The problem of widening inequality has become a central issue in American politics and culture. The Occupy Wall Street movement, which began in New York City in September 2011 and quickly spread to cities and towns around the country, changed the national conversation. At kitchen tables, in coffee shops, in offices and factories, and in newsrooms, Americans are increasingly talking about economic inequality, corporate greed, and how America’s super-rich have damaged our economy and our democracy. Catch-phrases adopted by Occupy Wall Street—the “1 percent” and the “99 percent”—provided Americans with a language to explain the nation’s widening economic divide, the super-rich’s undue political influence, and the damage—a crashed economy and enormous

suffering and hardship—triggered by Wall Street’s reckless behavior.

To those concerned with nuance, the Occupy Wall Street rhetoric may have seemed simplistic; but its basic message resonated with the American public and was soon being echoed by a growing number of elected officials and civic leaders. In 2006, five years before the Occupy movement, a survey conducted by psychologists at Duke and Harvard found that 92 percent of Americans preferred the wealth distribution of Sweden over that of the United States. In Sweden, the wealthiest fifth of the population has 36 percent of all wealth, compared to the United States, where the wealthiest fifth has 84 percent.⁹ The reality of widening inequality and declining living standards, the activism of low-wage workers and Occupy Wall Street radicals, and increasing media coverage of these matters solidified public opinion. Two months after Occupy Wall Street began, a poll from the Public Religion Research Institute found that 60 percent of Americans agreed that “[American] society would be better off if the distribution of wealth was more equal.” A Pew Research Center survey around the same time found that most Americans (77 percent)—including a majority (53 percent) of Republicans—agreed that “there is too much power in the hands of a few rich people and corporations.”¹⁰

Those attitudes have persisted. In a national survey conducted in 2014, Pew found that 60 percent of Americans—including 75 percent of Democrats, 60 percent of independents, and even 42 percent of Republicans—think that the economic system unfairly favors the wealthy. The poll discovered that 69 percent of Americans believe that the government should do “a lot” or “some” to reduce the gap between the rich and everyone else. Nearly all Democrats (93 percent) and large majorities of independents (83 percent) and Republicans (64 percent) said they favor government action to reduce poverty. Over half (54 percent) of Americans support “raising taxes on the wealthy and corporations in order to expand programs for the poor,” compared with one-third (35 percent), who believe that “lowering taxes on the wealthy to encourage investment

and economic growth would be the more effective approach.” Overall, 73 percent of the public—including 90 percent of Democrats, 71 percent of independents, and 53 percent of Republicans—favor raising the federal minimum wage from its current level of \$7.25 an hour to \$10.10 an hour.¹¹

The expanding number of Americans who constitute the “working poor” has stimulated growing concern among policy-makers, academics, and workers themselves. The majority of new jobs created since 2010 pay just \$13.83 an hour or less, according to the National Employment Law Project.¹² The Institute for Policy Studies, in a March 2014 report, found that the \$26.7 billion in bonuses handed to 165,200 executives by Wall Street banks in 2013 would be enough to more than double the pay for all 1,085,000 Americans who work full time at the current federal minimum wage of \$7.25 per hour.¹³ The low wages paid to employees of the ten largest fast-food chains cost taxpayers an estimated \$3.8 billion a year by forcing employees to rely on public assistance to afford food, healthcare, and other basic necessities.¹⁴ Even after local officials had pushed Occupy protestors out of parks and public spaces, the movement’s excitement and energy were soon harnessed and co-opted by labor unions and community organizers. Not surprisingly, the past few years have seen an explosion of worker unrest (especially among Walmart employees, workers at fast-food chains, janitors, and hospital workers, demanding that employers pay them a living wage) and a growing number of cities and states adopting minimum wage laws significantly higher than the federal level of \$7.25 an hour.¹⁵

Candidates for office and elected officials began echoing some of the same themes. Progressive mayors like Seattle’s Ed Murray, New York’s Bill de Blasio, Minneapolis’s Betsy Hodges, Newark’s Ras Baraka, Boston’s Marty Walsh, and Jackson, Mississippi’s Chokwe Lumumba (who died in 2014), and hundreds of city council and school board members, embraced the idea of using local government to address income inequality and low wages. In a major address in Kansas in December 2011, two months after the first Occupy protests, President Barack Obama criticized the “breathtaking greed” of

the super-rich. He pointed out that the average income of the wealthiest 1 percent had increased by more than 250 percent, to \$1.2 million a year. He also described the nation’s widening inequality and the decline of economic mobility as “the defining issue of our time.”

The Rich and the Super-Rich

What Obama and a growing number of Americans understood is that within the United States there is a growing divide between the super-rich and the rest of society. America’s super-rich are also part of a small global elite whose total wealth dwarfs that of most of the world’s population.¹⁶ Among the world’s 7 billion people, the richest 10 percent own 83 percent of the world’s wealth, with the top 1 percent alone accounting for 43 percent of global assets. In contrast, the bottom half of the global population together possess less than 2 percent of global wealth.

There are about 84,500 individuals in the world whose net worth exceeds \$50 million. Almost half of them (37,950) live in the United States. According to the 2013 annual *Forbes* billionaires list, there are 1,426 billionaires in the world with a total net worth of \$5.4 trillion. The United States leads the list with 442 billionaires, followed by Asia-Pacific (386), Europe (366), the Americas (129), and the Middle East and Africa (103).

At the very pinnacle, the world’s richest 200 people have about \$2.7 trillion in total wealth, which is more than the world’s poorest 3.5 billion people, who have only \$2.2 trillion combined, many of them living in extreme poverty and destitution.¹⁷

Moreover, the chasm between the world’s rich people and nations has been getting wider over the past several decades. Almost all of the world’s super-elite live in a handful of global cities, where the headquarters of the world’s large transnational corporations are located. These global cities include New York, London, Tokyo, Sydney, Stockholm, Paris, Singapore, Hong Kong, Chicago, San Francisco, Los Angeles, Zurich, Beijing, Seoul, Copenhagen, Boston, Berlin, Frankfurt, Buenos Aires, and Amsterdam, with a growing number of big cities in Asia, Latin America, and Africa soon to join the list.

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The distribution of wealth is even more unequal than the distribution of income. In 2010, the top 1 percent of households controlled a larger share of national wealth than the bottom 90 percent. Between 1983 and 2010, the top 5 percent captured nearly three-quarters of the growth in household wealth.¹⁸

The typical household has two-thirds of its wealth in home equity, and the bursting of the housing bubble had devastating consequences for many middle- and lower-income Americans. Between 2006 and 2009, American households lost \$7 trillion in household wealth. The impact was disproportionately felt by low-income families that had been victims of predatory lending and subprime loans. Since the beginning of the recovery, in June 2009, housing values have increased, but most Americans, particularly the poor, have not recovered the assets that they lost in the recession.¹⁹

Ranking sixth out of 187 nations in gross domestic product (GDP) per capita, the United States is one of the richest nations in the world. The United States is also referred to at times as the "land of opportunity"—and indeed, historically, American society has been based on an implicit social contract: If you work hard, you will get ahead. Substantiating this contract was not only the belief but also the experience that economic growth benefits all social classes. President John F. Kennedy's memorable words, "A rising tide lifts all boats," is a great bumper sticker but happens to be false: Rising prosperity, on its own, does not guarantee greater equality or opportunity; only government policy committed to shared prosperity can do that.

Economic Segregation: Place-Based Inequality

For decades, journalists, sociologists, and philanthropists have studied the lives and neighborhoods of the poor but downplayed the broader dynamics of inequality of income, wealth, and power that trapped many low-income families in urban (and now, increasingly, suburban) ghettos. A turning point in recent social science was William Julius Wilson's 1987 book, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy*, which examined the

"neighborhood effects" of living in areas with a large number of other poor people.²⁰ Wilson looked not only at the conditions of the poor but at the larger forces—such as the decline of good-paying manufacturing jobs in urban centers—that led to the increased concentration of poverty.

Wilson's study spawned a cottage industry of research devoted to understanding the geography of poverty—the consequences of living in areas of concentrated poverty, often compounded by racial segregation.²¹ But most of those studies paid little attention to the dynamic of widening economic inequality of income and wealth, the proliferation of low-wage jobs, the excessive compensation of top corporate executives, and the growing geographic isolation of America's wealthy living in urban and suburban enclaves.

Few social scientists, foundation staffers, or policy-makers were asking, What about the consequences of living in areas of concentrated wealth? Who studies the lives of people in our wealthiest communities like San Marino, Bel Air, Greenwich, Lake Forest, and Bloomfield Hills, where the 1 percent (or, more accurately, the .01 percent) live?²² Why don't foundations fund more research about the overlapping networks of corporate board members and the decisions made by top executives that have devastating impacts on the entire society, including middle-class and low-income people and their communities? Why don't more social scientists explore the "culture of the rich" to learn how their daily lives and routines make most (though not all) of them immune to understanding (or caring about) the consequences of their corporate decisions on the lives of the poor and middle class?²³ Why do we have to rely on after-the-fact reports by journalists and academics to get a glimpse into the decisions by top Wall Street executives that caused financial havoc, recession, layoffs, the epidemic of foreclosures, and the reality that, several years into the "recovery," millions of Americans are still drowning in debt with "underwater" mortgages?²⁴

In recent decades, places—neighborhoods, cities and suburbs, and regions—have become more unequal. Economic classes are becoming

more separate from each other as the rich increasingly live with other rich people and the poor live with other poor people. Over the last half century, the poor have become concentrated in central cities and distressed inner suburbs, while the rich live mostly in exclusive central-city neighborhoods and outer suburbs.

Living in high-poverty neighborhoods isolates residents from job opportunities, restricts them to bad schools, imposes unhealthy environments, and makes them pay high grocery prices. Such factors strongly influence individual life chances. Many studies show that most people leave such places whenever they can, suggesting they have little doubt about the negative consequences of living in such places.

Rising economic and geographic segregation reinforces disadvantage in central-city neighborhoods, speeds the deterioration of central cities and inner suburbs, and heightens the cost of suburban sprawl. A 2013 study examining variation in economic mobility across metropolitan areas got op-ed-page attention from the *New York Times* and columnist and Nobel Prize-winning economist Paul Krugman. Based on a massive data set of all tax filers in the United States from 1996 to 2011, the study found that—other things being equal—upward mobility was significantly higher in metropolitan areas with lower levels of economic segregation. The most likely explanation is that poor people, stuck in central cities and inner-ring suburbs, become isolated from economic opportunity when jobs sprawl out to distant suburbs.²⁵

This dynamic would be bad enough if it simply reflected individual and household choices in free markets, but it does not. Federal and state policies have favored suburban sprawl, concentrated urban poverty, and promoted economic and racial segregation.²⁶ Only new policies that level the metropolitan playing field and bring all parts of the metropolis into a dialogue can stop the drift toward greater spatial inequality. America needs central-city and suburban residents to unite in a new coalition to support shared prosperity.

Many cities are enjoying something of a revival. Young professionals and empty nesters are moving back to cities in search

of pedestrian-friendly urban environments. These positive trends present opportunities for creating mixed-income neighborhoods and reversing decades of rising economic segregation. But this will not happen automatically. Indeed, the renewed vitality of many cities is generating new forms of economic segregation as gentrification pushes poor people, minorities, and immigrants out of cities into new suburban zones. This partly explains that explosion of suburban poverty in the past decade. Policies such as inclusionary zoning, which requires developers to build affordable housing along with market-rate housing, can ensure that urban revival moves toward equity.

However, cities by themselves cannot capture enough of the wealth generated within their borders to significantly reduce concentrated poverty. We need metropolitan-wide as well as federal policies to do that.

The problems of the different parts of metropolitan areas are interconnected. No part occupies the moral high ground. Overall progress will come only when the different parts of metropolitan areas work together and push for federal policies that create incentives for regional cooperation rather than beggar-thy-neighbor competition. But there are powerful interests that have a stake in the status quo that allows developers and businesses to pit cities against cities and regions against regions.

Democracy cannot flourish under conditions of extreme income inequality and residential segregation. The huge and growing gap between rich and poor communities results in tremendous differences in the quality of our schools, parks, garbage collection, and police and fire protection—as well as economic and social opportunities—across our metropolitan areas.

In the context of extreme local political fragmentation, economic and racial segregation has turned local governments into privatized interest groups concerned with the narrow self-interests of their residents. This cuts off those living in low-income neighborhoods and distressed suburbs from access to jobs and decent schools—or even the same kind of shopping and household services available to most Americans—and subjects

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Economic security means more than having a job. It means not getting wiped out by illness, rising college tuition, a workplace injury, or a layoff. A few years ago, Yale political scientist Jacob Hacker calculated that one in five American households—the highest level in the past twenty-five years—is financially insecure.

them to unhealthy environments and poor healthcare. In this context, freedom of residential choice has little meaning. Growing economic segregation exacerbates income inequality and worsens its effects.

The pattern of metropolitan development in the United States helps explain why the United States has significantly lower levels of upward mobility than other developed countries.

Full Employment and Good Jobs: The Best Antipoverty Policy

As indicated above, place-based policies cannot on their own address the major trends that have led to widening inequality, a decline in the overall standard of living for most Americans, and an increase in poverty. Twenty years ago, research by economists Richard Freeman and Paul Osterman demonstrated that the most important factor in increasing the employment opportunities for inner-city youth and helping them escape poverty is a tight labor market—that is, full employment. When unemployment is low, employers hire workers who in looser labor markets struggle to get jobs. The so-called “hard to employ” workers with fewer skills and less education, and those with black skins who had previously been victimized by employer discrimination, get “pulled” into the labor market.²⁷

This is exactly what occurred in Boston and other cities during the late 1990s. Aided by a tight labor market and the expansion of the federal Earned Income Tax Credit, the nation’s poverty rate dropped to 11.8 percent by 1999—the lowest rate since 1979. In central cities, the poverty rate fell from 21.5 percent in 1993 to 16.4 percent in 1999. For black Americans, the poverty rate dropped significantly.²⁸

American workers today face declining job security and dwindling earnings as companies downsize, move overseas, and shift more jobs to part-time workers. A 2009 survey by the Economic Policy Institute found that 44 percent of American families had experienced either the job loss of one or more members, a reduction in hours, or a cut in pay over the previous year. For the vast majority of workers, the costs of basic necessities are rising faster than incomes. Productivity

is also increasing faster than incomes, meaning that workers are not sharing in the benefits of economic growth.²⁹

Government has ample powers to change these trends for the better. Back in the days of President Lyndon B. Johnson’s War on Poverty, Republican critics liked to say that the best anti-poverty program was a job. The federal government has the capacity—and responsibility—to promote full employment, where everyone who wants to work has a job. But the *kind* of job—the pay, benefits, security, and prospects for advancement—are as important as the job itself.

A *good job* means one that pays enough to allow a family to buy or rent a decent home, put food on the table and clothes on their backs, afford health insurance and child care, send the kids to college, take a yearly vacation, and retire with dignity. A good job means that parents don’t have to juggle two or three jobs to stay afloat, and that they still have time to spend with their kids.

Economic security means more than having a job. It means not getting wiped out by illness, rising college tuition, a workplace injury, or a layoff. A few years ago, Yale political scientist Jacob Hacker calculated that one in five American households—the highest level in the past twenty-five years—is financially insecure. One in five Americans has lost at least one-quarter of his or her income within a year due to a job loss and/or large out-of-pocket medical expenses, and doesn’t have enough savings to replace those losses.³⁰

Joblessness and economic insecurity lead to personal and economic disaster. People often lose their health insurance, lose their homes through eviction and foreclosure, suffer depression, and fall into poverty. And high unemployment weakens the bargaining power and reduces the wages of those who do have jobs.

Dr. Harvey Brenner, a sociologist and public-health expert at Johns Hopkins University and the University of North Texas Health Science Center, is a longtime student of the correlations between economic fluctuations and mental and physical health. According to Brenner, for every 1 percent rise in the unemployment rate (about 1.5 million more people out of work), society can

anticipate 47,000 more deaths, including 26,000 from fatal heart attacks, 1,200 from suicide, 831 from murders, and 635 related to alcohol consumption.³¹ The National Institute of Justice reported in a 2004 study that violence against women increases as male unemployment rises. When a woman's male partner is employed, the average rate of violence is 4.7 percent; but the average rises to 7.5 percent when the male partner experiences one bout of unemployment, and to 12.3 percent when he suffers two or more periods of joblessness.³²

Moreover, much like post-traumatic stress disorder in wartime, for some people the symptoms become chronic, lasting even after they find work again. Psychological depression, troubled marriages, and loss of self-confidence don't just go away when the economic recession ends. Economic hardship leaves behind a trail of wounded people who never fully recover.

Decent wages are necessary for social stability and for the purchasing power that the economy needs to trigger and sustain a strong recovery. The explosion of low-wage jobs is not the result of workers having inadequate education or skills. Over the past two decades, both education levels and skills have improved, while incomes have stagnated. This troubling trend is due, for the most part, to the declining bargaining power of America's employees.

Consider the case of two newly hired security guards with the same level of education who work in downtown Los Angeles for Securitas—the nation's largest security company, with \$8.7 billion in revenues last year. Both José and Bill work in two of L.A.'s large office buildings. José's starting pay is \$12.50 an hour, with paid health insurance as well as two sick days, five paid holidays, five vacation days (increasing to ten days after five years), three paid bereavement days, and a uniform maintenance allowance of \$2 a day. Bill starts at \$9 an hour (the state minimum wage) and gets no health insurance or any other benefits. What accounts for the difference? José is a member of the Service Employees International Union (SEIU), which has a collective bargaining agreement with Securitas, while Bill is on his own, with no union contract.

Multiply this example millions of times, across different job categories and industries, and you get a sense that, contrary to business propaganda, unions are actually good for the economy. According to the Economic Policy Institute, union workers earn 13.6 percent more in wages than nonunion workers in the same occupations and with the same level of experience and education. The "union premium" is considerably higher when total compensation is included, because unionized workers are much more likely to get health insurance and pension benefits. A strong labor movement would do more to address the problems of the poor—urban and suburban—than all place-based policies together.³³

Los Angeles provides a good illustration of how unions strengthen worker purchasing power and the economy. According to a December 2007 study by the Economic Roundtable, union workers in Los Angeles County earn 27 percent more than nonunion workers performing the same jobs. The higher wages for the L.A. union workers—who number about 800,000, or 15 percent of the workforce—add \$7.2 billion a year in earnings. And there is a multiplier effect. As these workers purchased housing, food, clothing, child care, and other items, their consumption power created an additional 307,200 jobs, or 64,800 more than would have been produced without the higher union wages. The union wages also yielded about \$7 billion in taxes to various levels of government.³⁴ If unionization rates were higher, these positive ripple effects would increase across the economy.

Unions not only raise wages but also reduce workplace inequities based on race. The union wage premium is especially high for Hispanic/Latino employees (23.1 percent), black employees (17.3 percent), and Asian employees (14.7 percent). The union wage premium is 10.9 percent for white employees. In other words, unions help to close racial wage gaps by making it tougher for employers to discriminate.

Likewise, unions reduce workplace inequities based on gender. The union wage premium is 15.8 percent for black women, 14.7 percent for Hispanic/Latino women, 12.7 percent for Asian

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When activists propose policies to raise wages or regulate business practices, corporate lobbyists and their consultants-for-hire warn that these policies will scare away private capital, increase unemployment, and undermine a city's tax base.

women, and 7 percent for white women. Unions also reduce overall wage inequalities, because they raise wages more at the bottom and middle than at the top.³⁵

If unions are good for workers and good for the economy, why are so few employees union members? Some business leaders argue that American employees are simply antiunion, a consequence of our culture's strong individualistic ethic and opposition to unions as uninvited "third parties" between employers and their employees. Antiunion attitudes, business groups claim, account for the decline in union membership, which peaked at 35 percent in the 1950s and is now about 11 percent.

But this story leaves out four decades of corporate union bashing that has increased the risk that workers take when they seek union representation. In general, polls reveal that American workers have positive attitudes toward unions, and these positive views are increasing as anxiety about job security, wages, and pensions grows.

A majority of American employees say they would join a union if they could; but they won't vote for a union—much less participate openly in a union-organizing drive—if they fear they will lose their job or be otherwise punished or harassed at work for doing so.

And there's the rub. Americans have far fewer rights at work than employees in other democratic societies. Current federal laws are an impediment to union organizing rather than a protector of workers' rights. The rules are stacked against workers, making it extremely difficult for even the most talented organizers to win union elections. Under current National Labor Relations Board regulations, any employer with a clever attorney can stall union elections, giving management time to scare the living daylight out of potential recruits. According to Cornell University's Kate Bronfenbrenner, it is standard practice for corporations to subject workers to threats, interrogation, harassment, surveillance, and retaliation for union activity during organizing campaigns.³⁶

During the summer of 2014, Los Angeles mayor Eric Garcetti proposed adopting a

citywide minimum wage that would begin at \$10.25 in 2015, increase to \$11.75 in 2016 and \$13.25 in 2017, and rise with inflation after that. He called it "the biggest anti-poverty program in the city's history." According to an analysis commissioned by the mayor's office and conducted by researchers from the University of California-Berkeley, Garcetti's plan would increase incomes for an estimated 567,000 workers by an average of \$3,200 (or 21 percent) a year. Predictably, the Los Angeles Chamber of Commerce warned that "this proposal would actually cost jobs, would cause people to lose jobs and would cause people to have cutbacks in hours." It said the same thing in 1997 when Los Angeles adopted a much narrower "living wage" law that only covered employers with municipal contracts. It was crying wolf. There's no evidence that the living-wage law has had such negative consequences, but the Chamber of Commerce keeps repeating the "job killer" mantra and the media keep reporting businesses's warnings as though they had any credibility.

Indeed, one of the biggest barriers to adopting effective antipoverty laws—at the federal, state, regional, and local levels—is the propaganda campaign waged by big business against policies that would require corporations to be more socially responsible. When activists propose policies to raise wages or regulate business practices, corporate lobbyists and their consultants-for-hire warn that these policies will scare away private capital, increase unemployment, and undermine a city's tax base. When a politician (like the aforementioned Mayor Eric Garcetti) suggests that we raise the minimum wage, chambers of commerce and other business lobby groups warn that it will kill jobs. Ditto with inclusionary zoning, laws to strengthen oversight of banks' predatory lending and racial redlining, and efforts to require companies to reduce spewing of dangerous toxics into the environment (such as L.A.'s Clean Truck Program). In every instance, the business groups' warnings were bogus; but so long as elected officials and the media take them seriously, they can cause policy paralysis.

What Cities Can and Can't Do

The role of the federal government in addressing issues of poverty in general and concentrated poverty in particular has ebbed and flowed in sync with political and ideological fluctuations. With some exceptions, states have generally been even less committed to dealing with these issues, particularly since the 1970s, as suburban voters have dominated state government. Cities and city officials have to deal with the realities of poverty in their backyards; but progressive, liberal, and conservative urban officials have differed in their approaches to urban poverty.³⁷ Some academics have argued that cities are in no position to address questions of poverty and, more broadly, redistribution. In his 1981 book *City Limits*, political scientist Paul Peterson argued that both capital mobility and people mobility made it difficult for cities to engage in redistribution policy to help the poor.³⁸ Cities, Peterson claimed, cannot tax or regulate businesses too much because they could then leave, taking their jobs and tax base with them. And if cities help the poor too much, they will attract even more poor people, further increasing the costs to local governments and triggering an even greater exodus of well-off people and businesses.

There are certainly limits to what local governments can accomplish when it comes to addressing poverty; the federal government has many more tools to deal with these issues. But experience over the past few decades suggests that Peterson was too timid. Even in a global economy, local governments have considerable leverage over business practices, job creation, and workplace quality. Most jobs and industries are relatively immobile. Private hospitals, universities, hotels, utilities, and other “sticky” industries—as well as public enterprises such as airports, ports, transit systems, and government-run utilities—aren’t about to flee to Mexico or China if government policy requires them to raise wages, pay higher taxes, or reduce pollution. This makes threats to pull up stakes less compelling and gives cities (and progressives) more negotiating power.

The past few years have seen an upsurge of activism, such as the wave of strikes at Walmart

and in the fast-food industry, with employee protests backed by a broad coalition of consumers, community groups, and unions calling for a \$15 minimum wage (or, in the case of Walmart workers, a full-time salary of \$25,000). A growing number of cities have adopted living-wage and minimum-wage laws, including the pathbreaking \$15/hour citywide minimum in Seattle.

Across the country, homeowners facing foreclosure due to reckless predatory loans have linked arms and resisted eviction, while community groups and unions push elected officials to hold major lenders accountable with fines, settlement agreements, and jail time for top executives.

Local coalitions of labor, community, and faith groups have pushed cities to adopt community-benefit agreements, laws against big-box stores, local hiring and training requirements, improvements in workplace health and safety, and ordinances requiring cities to adopt social standards when purchasing goods and services (such as anti-sweatshop policy labor standards for production of uniforms for cops, firefighters, and hospital workers).³⁹

The Los Angeles Alliance for a New Economy (LAANE)—a coalition of labor, community, and faith-based groups founded in 1993—has been a pioneer in waging successful campaigns to give working-class residents a stronger voice in local and regional government. LAANE pushed Los Angeles not only to adopt a strong living-wage law and the nation’s first community-benefit agreements but also to improve working and environmental conditions at the city’s port and in its sanitation and recycling industry, thwart the invasion of low-wage big-box stores, and train inner-city residents for well-paying union jobs on government infrastructure projects.⁴⁰

Now, dozens of cities have adopted community-benefit agreements and inclusionary zoning laws to require developers to create good jobs and affordable housing, or to hire local residents on construction projects or as regular employees, without experiencing a flight of private investment.

Other cities have enacted “linked deposit” laws and issued annual report cards on their

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lending activities to push banks to invest in underserved areas as a condition for receiving municipal business. More than a hundred localities have adopted living-wage laws, and none have experienced the negative consequences predicted by local business groups. Building on the living-wage model, progressive local officials understand that cities can focus municipal subsidies on industries and firms that provide decent pay, benefits, and upward mobility. Some cities have recently joined the movement to divest their pension funds from fossil fuel companies and gun manufacturers. In Cleveland and elsewhere, local governments have partnered with universities, hospitals, and community groups to promote community-owned or worker-owned cooperative businesses, as Gar Alperovitz documents in his fascinating book, *What Then Must We Do?*⁴¹ In a few metropolitan areas, cities and suburbs have forged peace agreements (such as regional tax-base sharing) to end the mindless competition that pits local jurisdictions against each other over private investment.

Richmond, California is a city of 103,000 in the Bay Area with perhaps the most progressive local government in the country. In November 2012, the *New York Times* reported that this “small, blue-collar city best known for its Chevron refinery has become the unlikely vanguard for anticorporate, left-wing activism in recent years, having seized the mantle from places like Berkeley, just south of here, or San Francisco, across the Bay.”⁴² A progressive coalition of unions and community groups, led by Mayor Gayle McLaughlin, has not only improved city services and reined in police abuses but also challenged the power of the city’s biggest private employer (Chevron) by raising taxes and opposing its plan to expand its refinery in order to handle dirtier crude oil, which would result in more pollution and greenhouse gas emissions. When the housing bubble burst in 2007, almost half of the city’s homeowners were underwater, and the blight of vacant buildings and the decline of property values devastated Richmond’s finances. When Wall Street banks refused to modify the troubled loans, the city

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government enacted a plan to take the underwater mortgages by eminent domain and sell them back to homeowners for their current market values. Despite enormous lobbying pressure from the banking industry, the city's progressive officials—supported by SEIU and by the Alliance of Californians for Community Empowerment, a community-organizing group—refused to back down.⁴³ In November 2014, Chevron poured over \$3 million into the municipal elections on behalf of a conservative slate of candidates. Despite being outspent by 20 to 1, the progressive coalition consolidated its control of the local government. All of its candidates for Mayor and City Council won.⁴⁴

We need to redefine what it means to have a “healthy business climate.” It shouldn’t just mean higher profits for developers and other businesses. It should mean overall prosperity that is shared by working people—a more enlightened view of business’s responsibility to the broader community. Some enlightened business leaders get it;⁴⁵ but business lobby groups keep spouting the party line, even though it is bogus. Activists, academics, and policy-makers have to learn how to challenge business’s scare tactics. That’s why, several years ago, I joined with a number of scholars to found the Cry Wolf Project to document the many corporate-sponsored “job killer” lies and myths that shape our thinking about economic policy.

What Now?

In 1962, Michael Harrington wrote a slim, 186-page book, *The Other America*, that helped inspire President Lyndon Johnson’s “War on Poverty.” As Harrington described it, the poor were invisible to most Americans because they lived in rural isolation or in urban slums. Once they become aware of the situation, Harrington wrote, Americans should be ashamed to live in a rich society with so many poor people.

“The fate of the poor,” he concluded, “hangs upon the decision of the better-off. If this anger and shame are not forthcoming, someone can write a book about the other America a generation from now and it will be the same, or worse.”⁴⁶

A generation later, thanks in part to Harrington, the poor are no longer invisible. The policies adopted under President Johnson (including Medicaid, subsidized housing, Head Start, legal services, raising the minimum wage, and, later, food stamps)—in combination with a strong economy—significantly reduced poverty.

The nation’s poverty rate has never returned to the level Harrington described in *The Other America*, but progress stalled in the 1970s. Today, almost 50 million Americans—over 15 percent of the population—live below the nation’s official poverty threshold. Almost as many poor people live in the suburbs as in cities—a phenomenon that was unthinkable fifty years ago. About one-quarter of America’s children now live in poverty.

Even more startling is the fact that about 100 million people comprise what the U.S. Census calls the “poor” and the “near poor,” based on a new definition of poverty that measures living standards, not just income. Almost one-third of the nation, in other words, can barely make ends meet.⁴⁷

Although America’s poverty rate has fluctuated over the years, it has persistently been two or three times higher than poverty rates in most European societies, which have much more generous social welfare policies and stronger labor unions. Even Canada—whose economy and distribution of wealth are similar to that of the United States—has a much lower poverty rate and does not permit the level of sheer destitution and misery found in the United States, including hunger, slums, and the growing army of homeless people sleeping on park benches and in abandoned buildings.

In other wealthy nations, national governments take major responsibility for funding public transportation, public safety, parks, housing, social services, and infrastructure, while encouraging localities to cooperate and innovate in administering these key functions of government.

The United States does it backwards. Washington typically requires cities and states to deal with issues such as homeland security, clean air and water, and schools, without providing the necessary funding. Cities have to tax residents

We need to redefine what it means to have a “healthy business climate.” It shouldn’t just mean higher profits for developers and other businesses. It should mean overall prosperity that is shared by working people.

Without clear government ground rules, capitalism becomes anarchy and cronyism. Every segment of industry . . . becomes so shortsighted and greedy that it doesn't see the possible train wreck coming around the corner. That's what happened to the financial services and housing industries . . . when they got the deregulation that they fought so hard for.

and businesses to raise the billions of dollars a year to comply with these unfunded mandates. Not surprisingly, our bridges, water systems, dams, and highways—as well as many school buildings—are crumbling.

Similarly, immigration policy is supposed to be a federal responsibility; but, because immigrants wind up living in America's cities and suburbs, it is local governments that are compelled to deal with housing and educating them. Washington provides no help except to send federal agents to workplaces looking for illegal immigrants.

Federal tax and highway policies promote costly, energy-wasting sprawl, which encourages developers and companies to invest in the urban fringes while allowing existing buildings and infrastructure in cities and older suburbs to deteriorate. Federal transportation policy is mostly about building and repairing highways rather than funding public transit and requiring automakers to make energy-efficient cars. (Even so, we don't spend enough to adequately repair and upgrade our existing highway infrastructure.)

Making matters worse, American cities and suburbs are forced to compete against each other for private investment and jobs, from shopping malls and office parks to Walmarts and sports franchises, which undermines the fiscal health of cities and suburbs alike.

Equally absurd, the United States has the most fragmented crazy quilt of local governments. Within just the one hundred largest metropolitan areas, there are nine thousand layers of government—municipalities, school districts, counties, water districts, park districts, and others—making it almost impossible to coordinate.

Unlike other major countries, we have no federal policies that encourage, much less require, regional planning. We permit private industry and local governments to determine where housing will be built and where jobs will be located, without thinking about—or planning for—how people will get to and from where they live, work, attend school, and shop.

Faced with an even graver situation in the Depression, President Franklin Roosevelt worked with Congress to give the federal

government the tools it needed to revitalize the economy, put Americans back to work, and make business act responsibly. At the time, critics called him a socialist, but in retrospect it is clear that what FDR did was rescue capitalism.

We hear echoes of that same debate today. No matter what President Obama proposes—healthcare reform, a stimulus plan of large-scale public works, extending unemployment benefits, protecting consumers from credit-card abuse, increasing financial aid for college students, raising fuel standards on cars, and more—the right-wing mainstream of the Republican Party calls it “socialism.”

But in reality, the choice is not between “socialism” and “capitalism”—it is about what form of capitalism makes the most sense for a healthy society.

One version of capitalism is characterized by free-market fundamentalism, where consumers, workers, and families are on their own, and businesses do whatever they want, with little or no role for government. Let's call this “no rules” capitalism.

The other version of capitalism is one where society sets the rules and standards of commerce regarding matters like protecting consumers, employees, and the environment from irresponsible business practices, such as excessive pollution; risky oil drilling; predatory and reckless bank lending; unsafe workplaces, food, medicine, and transportation; unfair wages; and discrimination by race and gender. Let's call this “responsible” capitalism.

Without clear government ground rules, capitalism becomes anarchy and cronyism. Every segment of industry—and the same goes for consumers—becomes so shortsighted and greedy that it doesn't see the possible train wreck coming around the corner. That's what happened to the financial services and housing industries—the builders, banks, mortgage companies, brokers, investors, credit-rating agencies, and others—when they got the deregulation that they fought so hard for.

The history of the Community Reinvestment Act (CRA) illustrates the pitfalls of market-oriented solutions to address poverty and

neighborhood distress, as well as the importance of grassroots activism in bringing about significant policy change. In the 1970s, community groups documented widespread racial discrimination in mortgage lending, which became known as “redlining.” When they proposed a federal law to address this problem, it was considered a radical idea. The banking industry opposed the CRA.⁴⁸ Its lobbyists argued that the CRA would tie banks’ hands and reduce credit in low-income neighborhoods, even though it did not require banks to make loans to businesses or people who couldn’t repay them. It did not ask banks to engage in charity. It simply said: Don’t discriminate against qualified borrowers.

Passed by Congress in 1977 over industry opposition, the CRA gave federal regulators the power to deny approval for lucrative bank mergers or acquisitions if banks engaged in persistently irresponsible or discriminatory lending. Under presidents Ronald Reagan and George W. Bush, regulators failed to enforce the law, so activist groups used the CRA to hold banks accountable. They conducted their own studies, uncovered banks with a pattern of irresponsible lending, exposed these practices to the media, worked with elected officials who shared their concerns, and demanded that regulators do their job. To avoid costly and harmful confrontations, many lenders forged “community reinvestment agreements” with community groups, pledging to make loans to borrowers who could afford them and whose neighborhood banks had ignored them. Once they did so, banks discovered that many working- and middle-class black and Hispanic/Latino borrowers were excellent customers with good credit histories. These new markets generated good profits on stable loans with little risk. By 2002, the CRA had helped catalyze more than \$1 trillion in bank lending in underserved communities.⁴⁹

But the tide of deregulation in the late 1990s and early 2000s allowed a new sector of unregulated lenders to emerge; they circumvented the CRA. Deregulation led to an explosion of subprime mortgages and predatory lending. In 2002,

subprime loans made up 8 percent of all mortgages; by 2006, they had soared to 20 percent, most of them including adjustable rates. Many borrowers were hoodwinked by irresponsible mortgage brokers and lenders who offered mortgages with hidden fees and bad underwriting standards.

When Congress enacted the CRA, the vast majority of all mortgage loans were made by lenders regulated by the law. By 2006, only about 43 percent of home loans were made by lenders subject to the CRA. Indeed, the main culprits in the subprime scandal were nonbank mortgage companies, which successfully grabbed the bulk of the mortgage market away from the CRA-regulated banking industry. The number of lenders regulated by the government and covered by the CRA dramatically dwindled. The foreclosure rates on subprime, adjustable-rate, and other exotic mortgage loans were four to five times higher than the foreclosure rates on conventional CRA mortgages.

Only about 20 percent of subprime mortgages were issued by banks regulated by the CRA. The other 80 percent of predatory and high-interest subprime loans were offered by financial institutions not covered by the CRA and not subject to routine examination or supervision. “The worst and most widespread abuses occurred in the institutions with the least federal oversight,” University of Michigan law professor Michael Barr told Congress. A report by Harvard’s Joint Center for Housing Studies agreed: “The data suggest that far from being forced into risky corners of the market, the institutions under the scrutiny of the CRA were crowded out by unregulated lenders.” Janet Yellen, then president and CEO of the Federal Reserve Bank of San Francisco, criticized those who blamed CRA lending for the subprime crisis: “Most of the loans made by depository institutions examined under the CRA have not been higher-priced loans, and studies have shown that the CRA has increased the volume of responsible lending to low- and moderate-income households.”⁵⁰

Consider, too, the recent epidemic of foreclosures, which precipitated the nation’s mortgage meltdown and led the country into today’s

In the 1970s, community groups documented widespread racial discrimination in mortgage lending, which became known as “redlining.” When they proposed a federal law to address this problem, it was considered a radical idea.

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economic hard times. Banks, mortgage brokers, rating agencies, and homebuilders all acted badly. If there was ever a case for regulating business, this was it. President Obama and the Democrats, backed by a feisty coalition of consumer, community, and labor groups, put in place new rules to protect consumers—and the entire economy—from Wall Street's greed. It was a bitter fight. Wall Street used its political clout in Congress to weaken the stronger rules that Obama and others wanted.⁵¹ After the GOP victories in November 2014, the banking lobby began trying to eviscerate the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other consumer protections.

But here's the biggest problem with our troubled financial system: Americans don't have enough money to pay their mortgages. That is why so many of them are drowning in debt.⁵² Fix that—that is, help most American families achieve a middle-class income—and you're pretty far along toward solving many other serious problems troubling our society.

America is now in the midst of a new Gilded Age with a new group of corporate robber barons, many of them operating on a global scale. Like its predecessor, this new Gilded Age is characterized by a frenzy of corporate mergers, widening economic disparities, a proliferation of low-wage jobs, and deteriorating social conditions. America today has the biggest concentration of income and wealth since 1928. Meanwhile, the American Dream—the ability to buy a home, pay for college tuition and health insurance, take a yearly vacation, and save for retirement—has become increasingly elusive.

The obvious question confronting America is what role, if any, government should play in setting standards and rules for corporations and their stockholders, taming their abuses; stimulating the economy to boost and sustain private economic growth; providing or helping people afford education (both K–12 and college), healthcare, child care, and retirement savings; and protecting the environment and public health from the damages of pollution and the corporations that profit from our dependence on fossil fuels.

We already know what policies work to promote shared prosperity.⁵³ For starters, these include:

- Raising the minimum wage to a living wage (at the local, state, and/or federal levels).
- Adopting a more progressive income tax.
- Lifting the cap on income subject to Social Security.
- Restoring some version of the Glass-Steagall Act to protect consumers from banks' predatory practices and to stabilize the financial system.
- Raising taxes on corporations where the ratio of CEO pay to average worker pay exceeds a certain limit (say, fifty to one).
- Adding a housing component to the Earned Income Tax Credit, adjusted for regional differences in housing costs, which are the largest component of family budgets.⁵⁴
- Expanding the social safety net to include universal child care and pre-K schooling.
- Equalizing per-student funding in K–12 school districts around the country.
- Limiting college student debt.
- Investing in our infrastructure to expand public transit, rebuild bridges and roads, and repair aging public school buildings.

Many Americans are wondering whether the country has lost its ability—or our political will—to sustain a middle-class society that works for everyone. The recent recession and the much-too-slow recovery have deepened the anxiety and pain, but in many ways it has simply exacerbated trends that were underway for several decades. A growing number of Americans doubt that their children will be better off than they are.

America seems to be holding its breath, trying to decide what kind of country it wants to be. We seem to be at one of those crossroad moments when attitudes are rapidly shifting and significant reform is possible. Americans are upset with widening inequality, the political influence of big business, and declining living standards. Public opinion is generally favorable toward greater government activism to address poverty, inequality, and opportunity. But public opinion, on its own, doesn't translate into public policy. It has to be mobilized.

That's what movements do. Can a coalition of conscience take advantage of the new mood in the country, which has created openings for unions, community organizations, environmental-justice advocates, faith groups, and fair-minded elected officials to promote a growth-with-equity agenda? They are up against enormous odds. They need more resources to build movements and issue campaigns that can win real victories that change public policy, improve people's lives, and change institutions.

The most effective way to address poverty and urban decline is to address their root causes, which involve the vast and growing inequalities of income, wealth, and political power. Focusing narrowly on revitalizing poverty-stricken neighborhoods, and relying on "market" forces to solve these problems, is shortsighted and misguided. Social-justice philanthropy has a long and valuable tradition in the United States, but it is still a marginal part of the foundation world.⁵⁵ If philanthropists want to help create a more humane, fair, and democratic society, they should support the many organizations and activists who are building a movement for shared prosperity.

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