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## Bonner at the Ninth Conference on Urban Affairs

Ernest Bonner

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REMARKS BY

ERNEST R. BONNER

at the

NINTH CONFERENCE ON URBAN AFFAIRS  
NATIONAL INSTITUTE OF PUBLIC AFFAIRS  
GENERAL ACCOUNTING OFFICE

OCTOBER 19, 1972

SUBJECT: "STRATEGIES FOR CHANGE: ECONOMIC DEVELOPMENT"

THIS MORNING AND THIS AFTERNOON, THE SUBJECT OF OUR CONVERSATION IS "STRATEGIES FOR CHANGE: COMMUNITY AND ECONOMIC DEVELOPMENT." I CANNOT HONESTLY, NOR RATIONALLY, ATTEND TO THIS SUBJECT BEFORE ATTENDING TO A PRIOR QUESTION: CHANGE TOWARD WHAT?

WHERE SHOULD WE BE AFTER WE HAVE CHANGED? SHOULD THE RICH BE RICHER AND THE POOR, POORER? SHOULD THE WEALTHY BE MORE WEALTHY? SHOULD THE POWERLESS BE NOT ONLY STILL POWERLESS BUT NOW IRRELEVANT?

YOU MAY BE QUICK TO ANSWER NO. YOU MAY EVEN POINT TO 25 YEARS OF FEDERAL PROGRAMS THAT HAVE THE OPPOSITE AS THEIR OBJECTIVE.

BUT I CAN RETURN WITH A DOCUMENTED HISTORY OF EVER-WIDENING DISPARITIES IN INCOME AND WEALTH. A STUDY FOR THE JOINT ECONOMIC COMMITTEE OF THE UNITED STATES CONGRESS REPORTS, FOR EXAMPLE, THAT:

"...ON MOST DIMENSIONS (MALE-FEMALE, MAJORITY-MINORITY, RICH-POOR, ETC.), THE AMERICAN INCOME DISTRIBUTION HAS BEEN APPROXIMATELY CONSTANT WHEN CHANGES ARE MEASURED IN RELATIVE TERMS. EVERYONE'S INCOME HAS BEEN RISING AT APPROXIMATELY THE SAME RATE LEAVING THEIR (RELATIVE SHARES) UNAFFECTED. GROUPS WITH INCOMES TWICE THE NATIONAL AVERAGE IN 1949 HAVE INCOMES TWICE THE AVERAGE

IN 1969. (BUT) AS AVERAGE INCOMES HAVE RISEN, REAL INCOME GAPS HAVE EXPANDED. WHERE THE REAL INCOME GAP WAS \$10,565 BETWEEN THE AVERAGE INCOME OF THE POOREST AND RICHEST 1/5 OF THE POPULATION IN 1949, IT WAS \$19,071 IN 1969."

THE SAME STUDY SHOWS EVEN GREATER CONCENTRATION OF WEALTH AMONG THE FEW. THE WEALTHIEST 1% OF ALL U. S. FAMILIES OWNED OVER 26% OF ALL PRIVATE ASSETS. THE WEALTHIEST 8% OWNED 60% OF ALL PRIVATE ASSETS. THIS WAS IN 1962. IF MORE CURRENT INFORMATION WAS AVAILABLE, I WOULD BET IT IS NOW MORE CONCENTRATED.

**INCOME**

THE <sup>A</sup>GAP BETWEEN THE "HAVES" AND "HAVE-NOTS" OF THIS SOCIETY IS THUS WIDENING -- IN FACT, IT HAS DOUBLED IN THE LAST TWENTY YEARS.

SO IT IS AGAINST THIS BACKGROUND THAT I MUST ASK THE PRIOR QUESTION FOR THIS SESSION: WHERE DO WE WANT TO BE AFTER OUR "STRATEGIES FOR CHANGE" HAVE BEEN SUCCESSFUL?

LET ME CHALLENGE YOU TO CONSENT OR DISSENT WITH A VISION OF WHERE WE SHOULD BE, THEN CONSIDER HOW "STRATEGIES FOR CHANGE" ARE AFFECTED BY THIS VISION:

-- INDIVIDUALS CHOOSE THEIR OWN GOALS AND MEANS TO PURSUE THOSE GOALS.

- INSTITUTIONS ARE ESTABLISHED TO SERVE INDIVIDUAL PURSUIT OF GOALS. IN THE PROCESS INSTITUTIONS, THEMSELVES, ESTABLISH GOALS -- SOME OF WHICH MUST BE SELF-SERVING TO ASSURE THEIR SURVIVAL.
- INSTITUTIONAL GOALS WHICH ARE SELF-SERVING, HOWEVER, MUST BE CLEARLY SECONDARY AND SUPPORTIVE OF INSTITUTIONAL GOALS FURTHERING PURSUIT OF INDIVIDUAL GOALS.
- INSTITUTIONS SERVE INDIVIDUAL GOALS MOST WHEN THEY PROVIDE WIDER CHOICES IN DECISIONS MADE BY INDIVIDUALS.
- THE PRIMARY GOAL OF INSTITUTIONS MUST, THEREFORE, BE TO PROVIDE WIDER CHOICES FOR INDIVIDUALS.
- IN A CONTEXT OF LIMITED RESOURCES, FIRST AND PRIORITY ATTENTION SHOULD BE GIVEN TO THE TASK OF PROMOTING WIDER CHOICES FOR THOSE INDIVIDUALS AND GROUPS WHO HAVE FEW, IF ANY, CHOICES.
- \* -- INCOME AND POWER ARE IMPORTANT GENERATORS OF CHOICE.  
STRATEGIES DEALING WITH CHANGES IN THE LEVEL AND  
DISTRIBUTION OF INCOME AND POWER ARE, THEREFORE,  
NECESSARY TO REACH OUR GOAL.
- BUT, ANY GIVEN LEVEL AND DISTRIBUTION OF INCOME

DOES NOT, AUTOMATICALLY, LEAD TO MORE CHOICES IN PRIVATE AND PUBLIC GOODS AND SERVICES. PREVAILING POLITICAL, SOCIAL, AND ECONOMIC TRENDS, FOR EXAMPLE, ARE TOWARD A SYSTEMATIC NARROWING OF CHOICE FOR ALL, BUT A VERY FEW. STRATEGIES DEALING WITH THESE TRENDS IN THE RESPONSE OF THE PRIVATE AND PUBLIC SECTORS ARE ADDITIONAL GUIDES IN REACHING THE GOAL OF MORE CHOICES FOR INDIVIDUALS WHO HAVE FEW OR NONE. THESE POLICIES WILL WIDEN THE CHOICE FOR THE MAJORITY AS WELL AS THE MINORITY.

-- THERE ARE, THUS, TWO (2) BROAD AREAS OF STRATEGY:

1. POLICIES TO PROMOTE CHANGES IN THE LEVEL AND DISTRIBUTION OF INCOME TOWARD SOME MORE EQUITABLE ALLOCATION OF THE REWARDS OF OUR PRODUCTIVE SYSTEM; AND
2. POLICIES TO IMPROVE THE CHOICES IN GOODS AND SERVICES OFFERED BY THE PRIVATE AND PUBLIC SECTORS IN RESPONSE TO ANY GIVEN LEVEL AND DISTRIBUTION OF INCOME AND POWER.

SO, WITH RESPECT TO INCOME, WE SHOULD BE SEEKING THOSE STRATEGIES WHICH PROMOTE A MORE EQUITABLE DISTRIBUTION NOT ONLY OF INCOME, BUT OF MEANS TO INCOME.

NOW, THERE ARE SEVERAL WAYS TO OBTAIN INCOME:

- a. EMPLOYMENT
- b. OWNERSHIP OF CAPITAL
- c. PUBLIC OR PRIVATE TRANSFERS
- d. ILLEGAL ACTIVITY

. EMPLOYMENT AS A MEANS TO INCOME SEEMS TO BE THE MOST ACCEPTABLE -- AT LEAST IT IS THE SUBJECT OF MOST OF OUR CURRENT FEDERAL, STATE AND LOCAL LEGISLATION.

. REDUCING UNEMPLOYMENT, THEN, IS A CLEAR GOAL OF OUR EXISTING MANPOWER AND ECONOMIC DEVELOPMENT PROGRAMS. REDUCING UNDER-EMPLOYMENT IS SOMETIMES INCLUDED.

. MANPOWER PROGRAMS OPERATE ON THE PREMISE THAT JOBS ARE AVAILABLE BUT THAT THE UNEMPLOYED OR IMPOVERISHED DO NOT HAVE THE SKILLS OR WORK SUPPORT TO ASSUME THESE JOBS.

. BUT, MANPOWER PROGRAM SERVICES ARE NOT AVAILABLE, NOT PERCEIVED AS RELEVANT OR ARE NOT KNOWN TO MANY INDIVIDUALS IN NEED OF EMPLOYMENT.

. FURTHER, MANPOWER PROGRAMS SOMETIMES CAN'T -- OTHER TIMES DON'T -- EQUIP THOSE TRAINEES WHO DO ENTER WITH THE SKILLS THEY NEED TO GET A JOB AT ADEQUATE INCOME.

- . FINALLY, THOSE TRAINEES WHO DO SUCCESSFULLY COMPLETE A MANPOWER PROGRAM AND ARE ASSURED SUPPORT SERVICES MAY NOT GET A JOB BECAUSE OF DISCRIMINATION ON GROUNDS OTHER THAN QUALIFICATIONS OR BECAUSE THERE SIMPLY ARE NO JOBS AVAILABLE.
  
- . THIS LATTER REASON FOR LACK OF EMPLOYMENT IS, ACCORDING TO MANPOWER PROGRAM OPERATORS, THE MAJOR STUMBLING BLOCK IN SUCCESSFUL MANPOWER PROGRAM OPERATION.
  
- . THE CREATION OF EMPLOYMENT OPPORTUNITIES IS, THUS, A NECESSARY PRELUDE TO EMPLOYMENT OF THOSE WHO ARE OUT OF WORK.
  
- . FEDERAL, STATE AND LOCAL EFFORTS TO CREATE EMPLOYMENT OPPORTUNITIES ARE LARGELY DIRECTED TOWARD INDUCEMENTS TO THE PRIVATE SECTOR TO PROVIDE MORE JOBS.

BUT IT IS SIMPLY NOT REALISTIC TO EXPECT LARGE GAINS IN JOBS LOCATED WITHIN OUR OLDER CENTRAL CITIES, NOR SUBSTANTIAL REDUCTION IN THE UNEMPLOYED LABOR FORCE WHICH LIVES THERE -- ESPECIALLY OVER THE LONG RUN AND PARTICULARLY IF WE CHOOSE TO RELY UPON THE PRIVATE SECTOR FOR THESE JOBS.

IN SHORT, A FUNDAMENTAL FLAW IN OUR NATIONAL RELIGION THAT PEOPLE SHOULD "GET A JOB" IS THAT JOBS ARE GETTING MORE AND MORE



SCARCE, THAT ENTRY QUALIFICATIONS ARE GETTING HIGHER AND HIGHER, AND THAT EMPLOYMENT IS COMING TO BE VIEWED LESS AND LESS AS AN END AND MORE AND MORE AS A MEANS. AND AS A MEANS, IT IS FOR MANY THE LEAST RATIONAL MEANS TO INCOME.

HIGH SCHOOL DROP-OUTS WHO CAN STEAL \$15,000 A YEAR ARE NOT LIKELY TO CHOOSE EMPLOYMENT AT THE MINIMUM WAGE. BENEFICIARIES OF INHERITED WEALTH HAVE NEVER FOUND THEIR LABOR AS PRODUCTIVE AS THEIR CAPITAL, THOUGH EMPLOYMENT OF SOME KIND MAY HAVE SERVED ENDS OTHER THAN INCOME.

FURTHER, EMPLOYMENT FOR SOME IS NOT A POSSIBLE OR DESIRABLE MEANS TO INCOME. THIS IS TRUE NOT JUST FOR THOSE DISABLED, ELDERLY OR OTHERWISE INCAPACITATED. IT IS TRUE ALSO FOR THOSE WHO SOCIETY DOES NOT WANT TO WORK (MOTHER OF DEPENDENT CHILDREN).

FINALLY, EMPLOYMENT IS BECOMING LESS AND LESS PRODUCTIVE AS A MEANS TO INCOME. IN 1966, FULLY 50% OF ALL INDIVIDUALS IN POVERTY WERE IN FAMILIES HEADED BY A FULL-TIME WORKER. FOR THESE FAMILIES EMPLOYMENT DID NOT PRODUCE ENOUGH INCOME TO PULL THEM OUT OF POVERTY. AND MIDDLE-INCOME FAMILIES DO NOT ESCAPE FROM THIS DILEMMA. THE NUMBER OF TWO-EARNER HOUSEHOLDS AND THE NUMBER OF TWO-JOB WORKERS (MOONLIGHTING) HAS INCREASED DRAMATICALLY. IN ORDER TO REACH THE MIDDLE-INCOME GROUP AND IN ORDER TO STAY THERE, MORE IN THE HOUSEHOLD MUST WORK OR THE HEAD OF THE HOUSEHOLD MUST WORK MORE. THIS

IS CERTAINLY NOT BECAUSE WE ENJOY WORK. IT IS BECAUSE OUR PRODUCTIVITY AS LABORERS CAN RARELY EQUAL EITHER OUR ASPIRATIONS FOR THE MATERIAL BENEFITS OF THIS SOCIETY OR THIS ECONOMIC SYSTEM'S CAPACITY TO PRODUCE THOSE BENEFITS.

MARX WAS ESSENTIALLY CORRECT IN HIS UNDERSTANDING OF THIS INHERENT FALLACY IN OUR ECONOMIC SYSTEM. KEYNES CONFIRMED THE ANALYSIS SEVERAL DECADES LATER.

ULTIMATELY, IF WE ARE TO SERIOUSLY ADDRESS OURSELVES TO THE INEQUITIES IN INCOME PROMOTED BY OUR POLITICAL ECONOMY, WE MUST DEVISE STRATEGIES WHICH WILL CHANGE THE DISTRIBUTION OF CAPITAL AS WELL AS INCOME IN OUR SEARCH FOR A MORE EQUITABLE DISTRIBUTION OF INCOME.

A MORE EQUITABLE DISTRIBUTION OF INCOME, THEN, IS ONE OF THE CHARACTERISTICS INHERENT IN MY VISION OF A JUST AND FAIR SOCIETY. STRATEGIES FOR CHANGE -- IN MY TERMS -- ARE POLICIES AND PROGRAMS WHICH PROMOTE THAT MORE EQUITABLE DISTRIBUTION OF INCOME. I DO NOT **FEEL I** ~~WISH TO~~ DEMEAN MY FELLOW PANELISTS NOR DO I WANT TO DEMEAN THE **BY STATING THAT,** IMPORTANT WORK THEY ARE DOING IN ECONOMIC DEVELOPMENT, ~~IN~~ IN MY FRAME OF REFERENCE, FEDERAL, STATE AND LOCAL PROGRAMS IN ECONOMIC DEVELOPMENT ARE ONLY ONE SMALL PART -- IN SOME CASES A DREADFULLY MISCONCEIVED PART -- OF THAT COMBINATION OF PROGRAMS AND STRATEGIES WHICH WILL LEAD US TO THAT JUST SOCIETY OF MY VISION.

IF I AM CRITICAL IT IS BECAUSE I SUFFER FROM THAT MOST  
RELIGIOUS KIND OF HOPE:

-- THAT MAN CAN BE WRONG AND ADMIT IT AND THOSE  
WRONGS CAN BE RIGHTED

-- THAT INJUSTICE IS ABHORED AND SOUGHT OUT, EVENTUALLY  
REVERSED

-- THAT INDIVIDUALS WANT TO, AND CAN BE, AT LEAST  
FAIR.

**-- AND THAT THE INSTITUTIONS THEY DESIGN CAN BE THE SAME.**

THE GENERAL ACCOUNTING OFFICE OF THE UNITED STATES CONGRESS IS  
AN INSTITUTION WHICH MANY OF US WITH THAT KIND OF HOPE WILL LOOK TO  
FOR SMALL, BUT IMPORTANT, SUSTENANCE. CRITICAL ANALYSIS OF WHAT  
WE ARE DOING -- AND TO WHAT END -- MUST BE AN IMPORTANT PROVINCE OF  
THAT OFFICE. I TRUST THIS SESSION AND THIS CONFERENCE WILL ENGENDER  
THE KIND OF CRITICAL, YET CONSTRUCTIVE, ASSESSMENT THAT PROVIDES THE  
WELLSPRING FROM WHICH CREATIVE NEW DIRECTIONS, NEW STRATEGIES WILL  
EMERGE.

THANK YOU.

## REACTIONS TO MEL:

### ● THE GOAL

1. Must know where to go, or we'll go astray (as we have)
  2. The goal I present is very uncreative —
- The city is not the subject of our conversation. The people in the city (and increasingly those outside the city) are the subject. How can they get a fairer share of the "bonnies" of our system.

17% minority population

4% of all firms owned by minorities

.7% of all receipts produced by these firms

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## REACTIONS TO LUCAS:

- Black "communities" are not usually great markets
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In Cleveland, \$10m in loans by SBA for last 10 years, primarily to minority enterprises.

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Get list of black manufacturing companies from Charles Lucas, Jr.

68 major manufacturing firms —

2000-7000 total black firms —