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THEME: *Communities in Turbulent Times*

Increasing Family Incomes Would Aid Community Development

Peter Edelman

Readers of this newsletter are, I assume, especially concerned with policies and programs that relate to issues of “place” – improving the quality of life for people by adding to accessibly situated economic opportunities and social and cultural amenities. Some, I suppose, focus especially on people in areas of disproportionate poverty. I want to remind this audience about some highly relevant issues that seldom attract the full attention of the community development audience – indeed, that insufficiently engage too many affected audiences whose specific focus is somewhere else. I am talking about the constellation of questions relating to income, especially income from work, but also income from safety nets for people who are between jobs or not in a position to work.

How much income people earn is a key determinant of the health of a community as well as the well-being of families and children. Yet there is no special constituency for income. Those who want to improve health care or child care or housing form constituencies that generally consist of those who provide the services. But income itself has no particular constituency. If people had more income, they could contribute more to the cost of purchasing health care, child care, or housing, but advocates for better policy in those areas are not especially vociferous in advocating for policies that would

increase income. Income needs a constituency (although I hasten to say that the best constituency for income policies would be an organized voice of lower-income people speaking for themselves).

The number of people who work as hard as they can and still don’t earn enough to make ends meet reflects a deep, fundamental, and (oddly) largely unrecognized (or at least ignored) fact about the structure of our economy. There is a tendency for Americans to believe that people who don’t make enough money to meet their basic needs represent a failure of individual responsibility or lack of individual capacity.

There are of course some cases that fit this description, but the overriding fact is one of market failure – failure of the labor market in this incredibly wealthy country to produce enough jobs that pay enough to live on. An ironic and truly devastating fact about our wealthy country is how many people do their best and still can’t make it – not through any fault of their own but because the jobs they have don’t pay enough to get by.

The situation has been deteriorating for three decades, essentially since the first OPEC oil embargo in 1973. Manufacturing jobs had already been disappearing, but 1973 was a watershed year. Since then, millions of good-paying jobs have been lost to other countries and to automation. They were “replaced” by lower-paying service-industry jobs. It

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is good that they were replaced but, while the country has been getting wealthier and wealthier, the pay for the median job went from \$11.89 an hour in 1979 to \$11.87 an hour in 1999. In other words, half the jobs in the country still pay exactly what they paid 20 years ago, and the income from the median job is \$24,670 a year, assuming one has the job full time, all year.

It is not as though the income of the nation as a whole has stagnated. It has more than doubled but the gains have all stuck at the top. A Congressional Budget Office study showed that the average income of the bottom 20 percent of families went down by \$100 between 1979 and 1997, from \$10,900 to \$10,800. The average income of the top one percent went up \$414,200, from \$263,700 to \$677,900. The top 20 percent, who were already doing very well, get 71 percent of the benefits from the tax cut passed last year. The gap between the pay of top executives and workers went from a ratio of 45 to 1 when President Clinton took office to 456 to 1 last year.

So the rich are getting a lot richer, and wages at the bottom have stagnated. But if the pay for low-wage jobs has remained stuck, the cost of living has not. Rental housing costs in particular have shot through the roof in most urban areas. The fair market rent for a two bedroom apartment typically exceeds the monthly income from a minimum-wage job. Studies by the Economic Policy Institute and the

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Network

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Turbulence Rising?

by Faron Supanich-Goldner

New Sources of Turbulence

Recent crises have heightened our awareness of the uncertainty and rapid change that characterize modern society. With this awareness comes a growing sense of unease, in many cases among people who are not accustomed to such anxiety.

The abrupt violence of last September 11th left us with a lingering sense of fear, insecurity, or doubt about the future. Things once taken for granted are now called into question, as even the seemingly mundane details of daily life – communication, travel, even the food we eat and water we drink – have been charged with potential danger.

At the same time that we engage in a worldwide “war on terror” brought on by the September 11 attacks, a series of high-profile accounting scandals has increased suspicion about the business practices of large corporations. The highly publicized implosion of firms like Enron, Arthur Anderson, and WorldCom have sparked a discussion about the impact of corporate ethics on our economic and social foundations. Suspicion is rising that many corporate leaders take advantage of their positions of power to pocket millions while undermining the very survival of their companies. For many, it is the case of worst suspicions being realized; for others it has shaken a faith not previously questioned.

Tried and True Turbulence

These are indeed turbulent times. In these two fundamental yet very different spheres – personal and national security on the one hand and financial predictability and stability on the other – serious problems are challenging long-held beliefs. But for a large portion of the U.S. population, this new uncertainty is overlaid upon a sense of imminent doom that is already too familiar. People who have spent their whole lives marginalized, in a relentless and often futile attempt to gain ground in an economy and society that seems stacked against them, have more urgent and realistic fears to face on a daily basis than the next horrific act of terrorism.

The insecurity that air travelers and private investors have only begun to feel about their prospects has long been a daily burden for many on the lower rungs of the socioeconomic ladder. Finding reliable childcare or transportation to enable one to stay employed, earning enough in the New Economy to make the next rent payment, surviving the financial impact of an illness or sudden injury – these are daily stresses for the large number of Americans living near the poverty level. Absent some fundamental changes in our basic systems, the prospects are not likely to improve soon.

As Peter Edelman points out in the cover article of this edition of *News and Views*, the median income of the bottom 20% of earners in the U.S. has actually declined since 1979. And as the works of Thomas Friedman on globalization and Robert Reich on the New Economy describe in detail, the forces that drive such trends are, if anything, only increasing in their impact on the global economic system.

The Michigan Experience

Like any place, Michigan has its own distinguishing features that affect residents’ experience of the times. Following September 11, Michigan’s geographic location on an international border and our demographic distinction of being home to the largest Arab population outside the Middle East were immediately apparent as defining characteristics that shaped our response.

In the economic context, Michigan is affected by a global economy that has shifted the base of U.S. prosperity away from traditional manufacturing: the State’s central place in the automotive industry won us a place in the “Rust Belt” of the 1970s and 80s. Only significant investments by the Big Three automakers in high technology research and development have ensured their survival to date.

Public policy, too, is shaped by local and regional factors. Michigan’s leadership in welfare reform has undeniably achieved the stated goal of reducing public assistance caseloads. But, even before the recent recession, critics were challenging the success of these reforms, asking if a more important goal – to move people not just off welfare but also out of poverty – was being ignored. The current state budget crisis, precipitated by declining revenues from a stalled economy and recent tax rollbacks, foreshadows a new, post-prosperity era in which tax rate reductions are pitted against public spending in contentious political debates. The future opportunities for Michigan’s communities will be affected, to a profound degree, by the outcome of such debates.

Responses to Turbulence

Turbulent times are characterized by rapid and unpredictable change, profound uncertainty about the future, and no clear basis on which to make decisions. While it is impossible to be fully prepared, there are basic tenets that might be of value in framing both individual and collective responses to our turbulent times. They amount to two maxims: acknowledge reality and accept our interdependence.

At the individual level, people must acknowledge and prepare for the new economic realities we all face. Jobs with lifetime security are a fading memory; workers old and young must prepare for their working lives by developing adaptable talents and the capacity to learn new skills.

As a society, we should similarly face the facts before us. We can and must invest in preparing the next generation for success in turbulent times. The long-standing American ideal, of a self-reliant individual achieving success on the basis of singular effort, must be tempered by a greater recognition of our genuine interdependence. In turbulent times, only communities that manage to “pull together” will not be pulled apart.

*Faron Supanich-Goldner is managing editor of
Community News and Views.*

similar work that has produced the Self-Sufficiency Index mark the real cost of making ends meet at something like twice the so-called poverty line, with wide geographical variations. Something like 80 million people face economic privation, or two and a half times more than the 32 million or so whom we call “poor.”

There is a major public policy agenda here. It begins with raising the minimum wage, which is now \$2.00 an hour lower in its purchasing power than it was in the late 1960s. Renewed efforts at union organizing are critical, too, including an honest look at the ways in which current federal laws help management to stave off organizing drives. The living wage campaigns that have been successful in over 80 localities need to continue, as well. All of these steps would increase the income people receive from their work.

Then there are the items that we might call the “social wage” – income equivalents that are second nature in every other advanced economy but not in the United States. Better health coverage, more adequate child care assistance, and attention to increasing the supply of affordable housing, especially rental housing, would effectively add to income as well as meet pressing needs in other ways.

But given the inequitable way in which our economy is organized, maximization of wages and appropriate expansion of the “social wage” components will not produce enough income. We have the Earned Income Tax Credit, which was expanded in 1993 and now adds \$4,000 to the income of a full-time minimum-wage worker who has two children. Various other forms of assistance like food stamps and Medicaid have some application above the poverty line, as well. A closer look, though, will demonstrate that, as incomes increase, the assistance disappears long before the need does. People whose incomes rise into the \$17,000-\$20,000 find sometimes that they literally lose more in benefits than they gain in earnings. We need to address this.

Finally, we need to address the deterioration of our unemployment compensation system. Less than 40 percent of people who lose a job find they are eligible for unemployment insurance. Part-time work, recent attachment to the labor force, and jobs that pay too little are all barriers to eligibility. Unemployment insurance reform should be a high priority, as should paid parental leave.

The number of people who work as hard as they can and still don't earn enough to make ends meet reflects a deep, fundamental, and largely unrecognized fact about the structure of our economy.

People who want to connect to public policy advocacy efforts on these kinds of issues, especially the current debate on reauthorization of the 1996 welfare law, might want to have a look at the website (www.nationalcampaign.org) of the National Campaign on Jobs and Income Support, a coalition of over a thousand grass-roots organizations that have come together to create a voice in Washington for grass-roots people.

I was recently in the United Kingdom, where Prime Minister Blair has vowed to end child poverty. His government's approach is quite three-dimensional, but the heart of it is income supplementation for low-wage jobs that is far more realistic than what the U.S. currently provides. He has been a staunch ally in our nation's struggle against terrorism. We should enlist his advice in developing better strategies to achieve economic justice. The work of community development would be much easier if it were nested in a framework in which all Americans receive an adequate income from the fruits of their labors.

Peter Edelman is a Professor of Law at Georgetown University Law Center. He served as Assistant Secretary for Planning and Evaluation at the Department of Health and Human Services during the Clinton Administration. He is the author of “Searching for America's Heart: RFK and the Renewal of Hope.”

Understanding the Globalization System

Thomas Friedman

Excerpt from “Tourist with an Attitude” from “Seeing the System” from THE LEXUS AND THE OLIVE TREE: UNDERSTANDING GLOBALIZATION by Thomas Friedman. Copyright 1999, 2000 by Thomas L. Friedman. Reprinted by permission of Farrar, Straus and Giroux, LLC.

When I speak of the “the Cold War system” and “the globalization system,” what do I mean?

I mean that, as an international system, the Cold War had its own structure of power: the balance between the United States and the U.S.S.R. The Cold War had its own rules: in foreign affairs, neither superpower would encroach on the other’s sphere of influence; in economics, less developed countries would focus on nurturing their own national industries, developing countries on export-led growth, communist countries on autarky, and Western economies on regulated trade. The Cold War had its own dominant ideas: the clash between communism and capitalism, as well as détente, nonalignment, and *perestroika*. The Cold War had its own demographic trends: the movement of peoples from east to west was largely frozen by the Iron Curtain, but the movement from south to north was a more steady flow. The Cold War had its own perspective on the globe: the world was a space divided into the communist camp, the Western camp, and the neutral camp, and everyone’s country was in one of them. The Cold War had its own defining technologies: nuclear weapons and the second Industrial Revolution were dominant, but for many people in developing countries the hammer and sickle were still relevant tools. The Cold War had its own defining measurement: the throw weight of nuclear missiles. And lastly, the Cold War had its own defining anxiety: nuclear annihilation. When taken all together the elements of this Cold War system influenced the domestic politics and foreign relations of virtually every country in the world. The Cold War system didn’t shape everything, but it shaped many things.

Today’s era of globalization, which replaced the Cold War, is a similar international system, with its own unique attributes.

To begin with, the globalization system, unlike the Cold War system, is not static, but a dynamic ongoing process: globalization involves the inexorable integration of markets, nation-states, and technologies to a degree never witnessed before – in a way that is enabling individuals, corporations, and nation-states to

reach around the world farther, faster, deeper, and cheaper than ever before, and in a way that is also producing a powerful backlash from those brutalized or left behind by this new system.

The driving idea behind globalization is free-market capitalism – the more you let market forces rule and the more you open your economy to free trade and competition, the more efficient and flourishing your economy will be. Globalization means the spread of free-market capitalism to virtually every country in the world. Globalization also has its own set of economic rules – rules that revolve around opening, deregulating and privatizing your economy.

In the Cold War, the most frequently asked question was: “How big is your missile?” In globalization, the most frequently asked question is “How fast is your modem?”

Unlike the Cold War system, globalization has its own dominant culture, which is why it tends to be homogenizing. In previous eras this sort of cultural homogenization happened on a regional scale – the Hellenization of the Near East and the Mediterranean world under the Greeks, the Turkification of Central Asia, North Africa, Europe and the Middle East by the Ottomans, or the Russification of Eastern and Central Europe and parts of Eurasia under the Soviets. Culturally speaking, globalization is largely, though not entirely, the spread of Americanization – from Big Macs to imacs to Mickey Mouse – on a global scale.

Globalization has its own defining technologies: computerization, miniaturization, digitization, satellite communications, fiber optics and the Internet. And these technologies helped to create the defining perspective of globalization. If the defining perspective of the Cold War world was “division,” the defining perspective of globalization is “integration.” The symbol of the Cold War system was a wall, which divided everyone. The symbol of the globalization system is a World Wide Web, which unites everyone. The defining document of the Cold

War system was “The Treaty.” The defining document of the globalization system is “The Deal.”



While the defining measurement of the Cold War was weight – particularly the throw weight of missiles – the defining measurement of the globalization system is speed – speed of commerce, travel, communication and innovation. The Cold War was about Einstein’s mass-energy equation, $e = mc^2$. Globalization is about Moore’s Law, which states that the computing power of silicon chips will double every eighteen to twenty-four months. In the Cold War, the most frequently asked question was: “How big is your missile?” In globalization, the most frequently asked question is: “How fast is your modem?”

If the defining economists of the Cold War system were Karl Marx and John Maynard Keynes, who each in his own way wanted to tame capitalism, the defining economists of the globalization system are Joseph Schumpeter and former Intel CEO Andy Grove, who prefer to unleash capitalism. Schumpeter, a former Austrian Minister of Finance and Harvard Business School professor, expressed the view in his classic work, *Capitalism, Socialism and Democracy*, that the essence of capitalism is the process of “creative destruction” – the perpetual cycle of destroying the old and less efficient product or service and replacing it with new, more efficient ones. Andy Grove took Schumpeter’s insight that “only the paranoid survive” for the title of his book on life in Silicon Valley, and made it in many ways the business model of globalization capitalism. Grove helped to popularize the view that dramatic, industry-transforming innovations are taking place today faster and faster. Thanks to these technological breakthroughs, the speed by which your latest invention can be made obsolete or turned into a commodity is now lightning quick. Therefore, only the paranoid, only those who are constantly looking over their shoulders to see who is creating something new that will destroy them and then staying just one step ahead of them, will survive. Those countries that are most willing to let capitalism quickly destroy inefficient companies, so that money can be freed up and directed to more innovative ones, will thrive in the era of globalization. Those which rely on their governments to protect them from such creative destruction will fall behind in this era.

James Surowiecki, the business columnist for Slate magazine, reviewing Grove’s book, neatly summarized what Schumpeter and Grove have in common, which is the essence of globalization

economics. It is the notion that: “Innovation replaces tradition. The present – or perhaps the future – replaces the past. Nothing matters so much as what will come next, and what will come next can only arrive if what is here now gets overturned. While this makes the system a terrific place for innovation, it makes it a difficult place to live, since most people prefer some measure of security about the future to a life lived in almost constant uncertainty . . . We are not forced to re-create our relationships with those closest to us on a regular basis. And yet that’s precisely what Schumpeter, and Grove after him, suggest is necessary to prosper [today].”

If the Cold War were a sport, it would be sumo wrestling
If globalization were a sport, it would be the 100-meter dash, over and over and over.

Indeed, if the Cold War were a sport, it would be sumo wrestling, says Johns Hopkins University foreign affairs professor Michael Mandelbaum. “It would be two big fat guys in a ring, with all sorts of posturing and rituals and stomping of feet, but actually very little contact, until the end of the match, when there is a brief moment of shoving and the loser gets pushed out of the ring, but nobody gets killed.”

By contrast, if globalization were a sport, it would be the 100-meter dash, over and over and over. And no matter how many times you win, you have to race again the next day. And if you lose by just one-hundredth of a second it can be as if you lost by an hour.

To paraphrase German political theorist Carl Schmitt, the Cold War was a world of “friends” and “enemies.” The globalization world, by contrast, tends to turn all friends and enemies into “competitors.”

If the defining anxiety of the Cold War was fear of annihilation from an enemy you knew all too well in a world struggle that was fixed and stable, the defining anxiety in globalization is fear of rapid change from an enemy you can’t see, touch or feel – a sense that your job, community or workplace can be changed at any moment by anonymous economic and technological forces that are anything but stable.

In the Cold War we reached for the hot line between the White House and the Kremlin – a symbol that we were all divided but at least someone,

the two superpowers, were in charge. In the era of globalization we reach for the Internet – a symbol that we are all connected but nobody is totally in charge. The defining defense system of the Cold War was radar – to expose the threats coming from the other side of the wall. The defining defense system of the globalization era is the X-ray machine – to expose the threats coming from within.

Globalization also has its own demographic pattern – a rapid acceleration of the movement of people from rural areas and agricultural lifestyles to urban areas and urban lifestyles more intimately linked with global fashion, food, markets, and entertainment trends.

Last, and most important, globalization has its own defining structure of power, which is much more complex than the Cold War structure. The Cold War system was built exclusively around nation-states, and it was balanced at the center by two superpowers: the United States and the Soviet Union.

The globalization system, by contrast, is built around three balances, which overlap and affect one another. The first is the traditional balance between nation-states. In the globalization system, the United States is now the sole and dominant superpower and all other nations are subordinate to it to one degree or another. The balance of power between the United States and the other states still matters for the stability of this system. And it can still explain a lot of the news you read on the front page of the papers, whether it is the containment of Iraq in the Middle East or the expansion of NATO against Russia in Central Europe.

The second balance in the globalization system is between nation-states and global markets. These global markets are made up of millions of investors moving money around the world with the click of a mouse. I call them “the Electronic Herd” and this herd gathers in key global financial centers, such as Wall Street, Hong Kong, London and Frankfurt, which I call “the Supermarkets.” The attitudes and actions of the Electronic Herd and the Supermarkets can have a huge impact on nation-states today, even to the point of triggering the downfall of governments. You will not understand the front page of newspapers today, whether it is the story of the toppling of Suharto in Indonesia, the internal collapse in Russia or the monetary policy of the United States unless you bring the Supermarkets into your analysis.

The United States can destroy you by dropping bombs and the Supermarkets can destroy you by

downgrading your bonds. The United States is the dominant player in maintaining the globalization gameboard, but it is not alone in influencing the moves on that gameboard. This globalization gameboard today is a lot like a Ouija board – sometimes pieces are moved around by the obvious hand of the superpower, and sometimes they are moved around by hidden hands of the Supermarkets.

The defining anxiety in globalization is fear of rapid change from an enemy you can't see, touch or feel – a sense that your job, community or workplace can be changed at any moment by anonymous economic and technological forces that are anything but stable.

The third balance that you have to pay attention to in the globalization system – the one that is really the newest of all is the balance between individuals and nation-states. Because globalization has brought down many of the walls that limited the movement and reach of people, and because it has simultaneously wired the world into networks, it gives more power to individuals to influence both markets and nation-states than at any time in history. So you have today not only a superpower, not only Supermarkets, but you have Super-empowered individuals. Some of these Super-empowered individuals are quite angry, some of them quite wonderful – but all of them are now able to act directly on the world stage without the traditional mediation of governments, corporations or any other public or private institutions.

Without the knowledge of the U.S. government, Long-Term Capital Management – a few guys in Greenwich, Connecticut – amassed more financial bets around the world than all the foreign reserves of China. Osama bin Laden, a Saudi millionaire with his own global network, declared war on the United States in the late 1990s, and the U.S. Air Force had to launch a cruise missile attack on him as though he were another nation-state. We fired cruise missiles at an individual! Jodie Williams won the Nobel Peace Prize in 1997 for her contribution to the International Ban on Landmines. She achieved that ban not only without much government help, but in

Book Review

The Future of Success: Working and Living in the New Economy

by Robert B. Reich (Vintage Books, 2002)

Deanna Rivers Rozdilsky

What does it profit a man if he gains the whole world but loses his own soul? Perhaps this ancient question is the most pertinent of all at the dawn of our new millenium, where the wonders of modernity have given us higher standards of living in exchange for ever-increasing work loads, isolated communities, shrinking families and personal connectivity.

In a time where *better, faster, and more* rule supreme, what is the proper measure of success? What are we really willing to give up for it as a society? Is the trade-off of community connection, family time, and a quality life worth the endless cycle of ambition toward unbounded success? So asks Robert Reich in *The Future of Success: Working and Living in the New Economy* (Vintage Books, 2002).

Reich should know. A super-achiever par excellence, former Harvard professor, author of eight best-selling books, he actually stepped down from a job he loved, as U.S. Secretary of Labor in the Clinton Administration, while at the top of his game. Routinely working 15 hours a day, Reich describes one night where his whole life changed when a question from his youngest son caused him to take a closer look at how he was living his life. Something personal within him “clicked” when he saw that the quality of everything-but-his-career had “shriveled like a raisin.” In *Future of Success*, the core of Reich’s message stems from this point of departure when he shares his realization that true success in the future will be one of finding balance in turbulent times, both at the personal and civic levels: that finding balance in a turbulent economy is not about working more and gaining less.

In Reich’s view, success itself needs to be redefined. “The measure of a successful life surely

goes beyond what we can acquire or the extent of our net worth: the test of a successful society extends beyond its gross national product. Success depends on our spiritual grounding, the richness of our relationships, the sturdiness of our families, and the character of our communities. Yet most of us are racing into this new era with remarkable insouciance – blindness, perhaps – toward what it means for our lives beyond our roles as consumers and investors.”

“A strong economy is not, after all, an end in itself. . . . An economy should be judged by how well it supports and enhances the deepest values of a society.”
- Robert Reich

According to Reich, we are living in The Era of the Terrific Deal. Our economy is no longer driven from economies of scale with traditional and more predictable standards or benchmarks of success. Instead, our economy is now driven by innovation and technology by smaller, leaner firms offering the better, faster, and more at a relentless, nonstop competitive pace. And it keeps getting faster. Better equipped, with more access to information, consumers are able to select from an amazing array of deals and bargains, driving the global competition to ever-fiercer rounds. The greater the innovations, the more competition, the increased need to deliver better, faster and more... and so on.

“We are dealing with a new kind of economy, founded on quick innovations and on surges in demand” says Reich. “The new economy invites all of this. The turbulence is increasing.... Whether this increasing turbulence is justified by higher rates of productivity, faster growth, and greater flexibility

in the economy as a whole has been the subject of much debate. But the larger issue has eluded consideration: Whether, on balance, this new economy enables us to have better lives. A strong economy is not, after all, an end in itself. Likewise, a society does not exist in order to strengthen its economy. An economy should be judged by how well it supports and enhances the deepest values of a society.”

Reich’s major thesis is that, due to technological innovation, we are now able to sort our lives as consumers at deeper levels. At a personal scale, this is how we as individuals are consumers of life. As individuals we can make choices in all areas of life due to technology and innovation. With accelerated options for mobility, we have the ability to exit situations we no longer want in our lives. Many traditions that oppressed us no longer hold us down. Meanwhile, making such changes on the basis of the “best deal” is more socially acceptable than ever before. If we don’t like the community we were born into, we can leave it. If we don’t like our jobs, we find new ones. We change our mind about a life partner – not a problem. Our choices are greater now than they have ever been.

At the larger social scale, we are a collective of individuals creating some interesting patterns. We are subdividing into more neat social categories, creating extremes of homogeneity where communities of variation presided before. This is what Reich calls the New Divide, growing between those with more bargaining power and those with less, as those with more sort themselves out of the collective. This is the expanse between a high degree of bargaining power (personal connections of power, gated communities, better universities, better health care, better day care) and a low degree of bargaining power (few connections of power, poorer communities, limited access to health care and day care, little or no access to opportunities for higher education). According to Reich, this is not a deliberate gesture on behalf of any group in society, merely the outcome of a sorting system of bargaining power growing more

and more efficient.

With down-to-earth examples in a hard-to-put down read, Reich’s *The Future of Success* is a brilliant commentary on the many layers of who we have become as individuals, as citizens, and as a society in today’s environment of economic turbulence. Reich offers deep and thoughtful insight into what is going on collectively and individually, in the home as well as in the workforce, in the community as well as on Wall Street.

This book provides an excellent overview of modern life, how it is being driven by technology and where ... and how *our* choices shape and define the success of our future. Along the way, Reich offers suggestions for a better future based more on humane values than on competition, but with a velvet hammer.

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the face of opposition from the Big Five major powers. And what did she say was her secret weapon for organizing 1,000 different human rights and arms control groups on six continents? “E-mail.”

Nation-states, and the American superpower in particular, are still hugely important today, but so too now are Supermarkets and Super-empowered individuals. You will never understand the globalization system, or the front page of the morning paper, unless you see it as a complex interaction between all three of these actors: states bumping up against states, states bumping up against Supermarkets, and Supermarkets and states bumping up against Super-empowered individuals.

Thomas Friedman is the “Foreign Affairs” columnist for The New York Times and author of The Lexus and The Olive Tree (1999 Farrar, Straus and Giroux, Inc.). His first book, From Beirut to Jerusalem, won the National Book Award in 1988. Mr. Friedman has also won three Pulitzer Prizes, most recently for his Times columns following September 11.

The Sense of Community Project: Building Social Capital One Block at a Time

John Schweitzer

Do you remember the block where you grew up and the people who lived there? Was it any different than the block where you live now? If you are like most of us, you probably feel that there is less sense of community on your current block. Many social commentators have remarked on the loss of social capital in this country at the grass roots level. The Sense of Community in Lansing Neighborhoods Project (SOC Project), through the Urban Affairs Programs at Michigan State University, has been studying social capital on urban blocks in the City of Lansing to demonstrate its relationship to quality of life and to pro-social behaviors and to find ways to enhance and strengthen it.



John Schweitzer (center) with members of the Sense of Community project team.

The SOC Project has two major objectives. The first objective is to improve the quality of life in Lansing neighborhoods by studying the existing social fabric. The second objective is to build social capital on neighborhood blocks. The project is continuously studying ways to strengthen communities in urban neighborhoods and to apply the project's findings to make Lansing a city of strong, vibrant, and healthy neighborhoods. To achieve this goal 586 individuals have been interviewed on 54 blocks throughout the City of Lansing about block social capital, civic behaviors, and participation on their block. In addition to this survey data, the project has also collected voting data, crime data, assessor's data, and census data to augment the individual and the aggregated 100-block level social capital data.

The 100-block level of measurement is unique to the SOC Project. The 100-block is a geographically based unit that lends itself to fine-scaled data collection. The 100-block is defined as the residences on a given street having addresses that fall within a range of one hundred, for example, all the residences having an address between 100 and 199 Maple Avenue. The "100-block" is different from the Census definition of a block. It was felt that the 100-block unit adequately represents how residents interact with each other on a particular street.

There is empirical evidence for the utility and saliency of such a unit of data aggregation. Through the SOC Project, I have studied urban face blocks, which typically consist of the same residences as the 100-block unit. This research has shown that there is great variability in the social capital that exists on urban face blocks, and that this construct is related to such pro-civil activities voting, recycling, and giving blood. Blocks with high social capital experience lower levels of fear of crime. These empirical research findings indicate that the 100-block unit is appropriate for the study of social capital.

Preliminary findings show that social capital at the block level is related positively to voter turnout in local elections and participation in recycling, and negatively to fear of crime and to actual criminal activity on the block. At the individual level it is related to pro-social behaviors such as giving blood, volunteering, and showing interest in improving block conditions. Sense of community is also highly correlated to the number of social activities that take place on a block.

Current project activities include the development of a comprehensive database at the 100-block level and experiments in building social capital. Data currently included in the database are assessor's data, crime data, voting data, and the original sense of community survey data. Each new database provides a challenge to integrating all the information. The project will develop a systematic process for adding new data to the database.

The database is being formed around several research questions. The following list are the general guiding questions for the project.

§ Is the presence of community organizations, such as block clubs, neighborhood watch groups, and neighborhood associations, related to social capital?

§ Are the amounts and types of criminal activities on blocks and in neighborhoods related to social capital?

§ Is the amount of social capital on blocks and in neighborhoods related to the health and achievement of school children?

§ What types of physical design, such as density, housing design, relationship to parks, stores, and other amenities, lead to high levels of social capital?

§ Does the amount of social capital vary with individual characteristics of the respondents such as race, sex, age, education, and income?

§ Are the various measures of social capital related to each other at the individual respondent unit of analysis?

§ Does the relationship among the measures of social capital change when the individual measures are aggregated to larger units of analysis such as blocks, block groups, and neighborhoods?

Each question has several sub-questions. Answering the questions helps to determine what data to collect and to also provide new insight into building social capital.

To build social capital, the SOC Project has undertaken several projects. Three ethnographic studies of blocks with strong social capital have been performed to look for patterns in the development and growth of social capital. The SOC Project is also conducting a social capital building experiment in an attempt to further learn how to build and maintain strong social capital. The social capital building experiment involves providing a random sample of the blocks in the original study with a quarterly newsletter and other interventions, such as a catered block party.

The study of social capital and the resulting database will contribute several benefits to cities like Lansing. Data from the research will provide opportunities for both researchers and community practitioners to better understand social capital and to design programs that can build social capital. These groups can use the database and the results from the social capital building experiments to

identify community assets and problems and to develop problem-solving strategies. The data and results from the experiment will help to inform policy making and future plans for community resources.

The database will be made available to interested stakeholders, including City of Lansing departments such as the Mayor's office, the Police Department, and the Planning Department; the Lansing School District; the Lansing Neighborhood Council; neighborhood organizations; faculty, staff and students; and other interested groups or individuals. In addition to the database, geographic information systems will be employed to create maps and images of social capital on blocks, in neighborhoods, and at other geographic levels, and its relationship to other data, such as crime, voting, assessor, and education data.

Advances in technology will be used to make the database available and accessible to other interested groups. Currently, the SOC Project has a web site (<http://www.msu.edu/user/socomm>) that contains information on the project, including the surveys used to collect social capital data, description of data already collected, copies of papers that have come from the project data, and other project information. Future plans for the website include integrating actual project data onto the site in several formats. Format possibilities include static and dynamic maps, databases for downloading, interactive mapping and statistics, and data collection on social capital on a continuous basis. Once a system for the format for data dispersion is finalized, a system of sharing the data outside of the website will be developed. This may include computer terminals in City departments (e.g., the Mayor's Office, the Police Department, etc.), libraries, and schools, and possibly public kiosks throughout the City.

This project has a strong commitment to improving the quality of life for residents throughout the City of Lansing. Through research and application of the social capital database, the Sense of Community in Lansing Neighborhoods Project will help to build stronger neighborhoods in the City of Lansing, one block at a time.

John H. Schweitzer, Ph. D., is a professor in Urban Affairs Programs at Michigan State University and Director of the Sense Of Community Project.

C E D P

Statewide Partners Celebrate Credit Union IDA Projects

Susan Cocciarelli and Dewey Lawrence

The MSU Center for Urban Affairs recently hosted a Policy and Recognition Award Luncheon on the campus of Michigan State University. The June 5th event marked the near end of a twenty-seven month initiative that has linked community development focused Michigan credit unions and the financial concept known as the Individual Development Account (IDA).



April Danner-Turner and Stacy Rinker display a plaque acknowledging their contributions to the First Community Federal Credit Union IDA project, as Patricia Wood of the Center for Urban Affairs looks on.

Six Michigan credit unions currently offering IDAs (incentive based savings accounts that incorporate a financial education component and are targeted at individuals with low incomes) attended the event. Each of the attending credit union sites shared the event with a VISTA (Volunteer In Service To America) member, each of whom helped to coordinate a local community IDA project.

Among the other invited guests were legislators representing each of the eight credit union districts, the National Credit Union Administration, the Michigan Credit Union League, the Michigan Family Independence Agency, the Corporation for National and Community Service, the National Federation of Community
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Development Credit Unions, the Michigan Community Action Agency Association, the Michigan IDA Partnership, and the office of U.S. Senator Debbie Stabenow. The packed conference room was abuzz with discussion concerning the current status of credit union-sponsored IDA projects, along with prospects for offering such a personal wealth-building tool to all low wage individuals in Michigan.

A scant twelve months after the opening of the first Michigan credit union hosted IDA, there are now 82 accounts being held within eight credit unions. The accumulated savings in these 82 accounts totals more than \$21,000. These accumulated savings indicate an affirmative answer is possible to the oft-asked question, can individuals of modest means really save?



Elliot Weiss of the National Credit Union Administration discusses resource opportunities for credit unions.

This event was an opportunity to celebrate the important work being done by Michigan credit unions which are well serving current members with low-incomes and seek to well serve potential credit union members with low-incomes to build assets of value. The event was also an occasion to discuss some of the general observations made by those closely involved with this statewide credit

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UPDATES

Public Housing Team Hosts Graduation Ceremony

Cathy Stauffer and Celeste Starks

The MSU Kellogg Center came alive with a renewed sense of enthusiasm on Friday, June 21. Over 70 public housing resident leaders and community organizers filled the Big Ten Room with inspiration and laughter to recognize the outstanding accomplishments of public housing residents from across the State of Michigan.



Celeste Starks (left) and John Melcher (right), from the MSU Center for Urban Affairs, join in thanking Paula Blunt, HUD General Deputy Assistant Secretary of Public and Indian Housing.

In 1999 and 2000, MSU received funding from the Department of Housing and Urban Development to work with public housing residents to implement a capacity building program designed to support public housing resident leaders as they engage in community development endeavors in their communities. Currently, MSU is working with residents in 13 communities including Albion, Ann Arbor, Bay City, Benton Harbor, Detroit, Ecorse, Highland Park, Inkster, Lansing, Muskegon, Muskegon Heights, River Rouge, and Ypsilanti. On Friday, these residents were honored for their outstanding work throughout the length of this year's program.

This year, over 150 public housing residents participated in the training program, more than double the amount that participated in the 2001 training program. "The ever-growing number of residents in the program is a testament to their

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desire and enthusiasm to improve the quality of life in their communities," said Celeste Starks, one of the program leaders in the program.

In addition to honoring those residents who have participated in the training program, MSU also recognized the exceptional work of 17 public housing residents who have shown extraordinary leadership and commitment in improving their communities. On Friday, these residents joined the seven residents honored last year in becoming MSU Public Housing Fellows, a distinction that not only recognizes their many accomplishments, but also provides them with the extra support and assistance that they need to continue their active work in their communities.



Rev. Dr. Mark V. C. Taylor, Pastor of The Church of the Open Door in Brooklyn, speaking at the ROSS Graduation.

The day was filled with inspirational messages and congratulatory remarks for the new graduates and participants of the training program. Paula Blunt, the General Deputy Assistant Secretary of Public and Indian Housing from the Department of Housing and Urban Development gave the morning keynote address and expressed her excitement about the growing number of opportunities available to provide public housing

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CEDP

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union-IDA initiative. Among the implications are these:

- ◆ there are financial institutions in Michigan interested in opportunities to serve Michigan residents who have low incomes,
- ◆ resources need to be mobilized to foster opportunities that can assist residents with low-incomes to build assets for long-term self sufficiency,
- ◆ there are public policies focused on serving residents with low incomes to build assets (though more can be done to assist these residents); and
- ◆ growing wealth among Michigan residents with low-incomes is both possible and desirable.

Access to capital, access to credit and other resources are necessary to assist persons with low incomes to look toward their respective financial futures. As a part of the financial equation that look at future thinking toward a viable community based financial institution, such as these Michigan credit unions, is a necessary component.

A handful of Michigan credit unions have demonstrated through their involvement in community based IDA projects that individuals regardless of their income levels are valuable as current or potential credit union members of these important financial institutions. Further, each of these current or potential credit union members have a real opportunity to look with pride toward a future with hope and real fiscal opportunities.

Saving, whether in amounts large or small, has value. Building assets for one's future has value. With the continuing support of Michigan credit unions and their partners, Individual Development Accounts are proving to be one mechanism to support and encourage individuals to both save and build assets for one's future.

Susan Cocciarelli is project leader and Dewey Lawrence is program coordinator for the CDCU-IDA Project of the MSU Center for Urban Affairs.

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residents with the tools and skills that they need to create stronger and healthier communities.

Rev. Dr Mark V. C. Taylor, Pastor of The Church of the Open Door in Brooklyn, shared his thoughts with the audience during his dynamic afternoon keynote address in which he challenged the audience to answer the question, "Can anything good come out of public housing?" By the end of his presentation, the entire audience was keenly aware of all the good that can and does come out of public housing.



Maryellen Lewis, Celeste Starks, Paula Blunt, Jose Gomez, and Cathy Stauffer (left to right) stop for a photo during the HUD-ROSS Graduation Ceremony

Throughout the program, residents were also able to share their thoughts and talents with the audience. Ms. MaryAnn Day from Muskegon Heights blessed the audience with a song expressing her faith and hope for the future of her community and Mr. Samuel Cross from Detroit honored the participants with a saxophone rendition of "Oh Happy Day." Ms. Patty Campbell, a new MSU Public Housing Fellow, spoke on behalf of her fellow participants to express her feelings about how to take advantage of the wide array of knowledge that they gained throughout the training program.

Cathy Stauffer is program assistant and Celeste Starks is program coordinator for the HUD-ROSS Public Housing Capacity Building Program of the MSU Center for Urban Affairs.

UPDATES

**In Memory
Of
Lillian Joyce Randolph
1950-2002**



On Sunday, June 16th 2002 Ms. Lillian Joyce Randolph, Director of our MSU Community and Economic Development Program in Detroit, departed this life. No words can ever express the true depth of loss and sorrow that those of us who had the great pleasure to be with her in her all-too-short life now feel. To her husband Phillip and her daughter Grace, and to the other members of her family and to her many friends, our hearts reach out to you in this time of great loss.

Lillian was the best a community developer could ever hope to become. She was a dedicated and capable professional whose heart was in her work. She was an untiring supporter and advocate for neighborhoods and community organizations that worked to improve their communities. One of the things she did best was to inspire us with her enthusiasm. She encouraged all of us, by example, to do our best for our communities and ourselves.

It is through the lives of dedicated and caring people like Lillian that we realize the true nature and meaning of community. Our community was strengthened by her presence, and we grieve in her loss.

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