The Killing Can Be Stopped

How Chicago Can Respond
to the Killing of Dantrell Davis
at Cabrini-Green

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1. Introduction

By David H. Padden

Dantrell Davis was killed by a sniper's bullet on October 13, 1992. He was walking from his home at Cabrini-Green, one of Chicago's high-rise public housing projects, to school. He was seven years old.

As well they ought to be, Chicagoans are outraged by this senseless killing. But Dantrell was not his community's first victim of urban violence -- two other students attending his elementary school, in fact, were shot and killed since March. Nor will he be the last. As this introduction is being written on November 20, the radio is reporting a young student killed and another wounded outside a different Chicago public school.

It is fruitless to ask why there is such sudden outrage over Dantrell's death when such killings take place with such alarming frequency. We should simply be thankful that the citizenry is now sufficiently aroused to ask difficult questions and seek solutions to a very complex problem.

Dantrell Davis was killed by a sniper's bullet on October 13, 1992. He was seven years old.

The reaction of politicians has been predictable. Mayor Daley announced an 11-point program that is so long on law and order that it reminds us of the brutal reaction of the Chinese leadership to events at Tiananmen Square. Buildings are being sealed, police sweeps launched, guards permanently stationed in lobbies, and residents required to enter and exit through metal detectors and subjected to random searches. Civil liberties have clearly taken a back seat to a heavy-handed authoritarian response.

Public officials are prone to get a quick fix by treating symptoms instead of causes. But such an approach bears little fruit in the long term. John Dineen, president of the Fraternal Order of Police, succinctly characterized the situation as follows: "You can't have the police go in there and create a police state and think that is going to be the answer because eventually the police are going to have to leave." Conrad Worrill, a community activist, observed trenchantly, "It is only a temporary solution. What the mayor needs to do is come up with a comprehensive program that deals with the social ills of the people who live in public housing that produces these kinds of behaviors."

Mr. Worrill, on this point, is precisely correct. And creating an outline of a "comprehensive program that deals with the social ills of the people who live in public housing" is what the essays in this collection propose to do.

Television has made us all addicts of the sound bite. We want to know in fifty words or less answers to complex social problems. Undaunted, I will give you the "answer" to Dantrell Davis' murder in a sound bite of just four words: change bad public policies. But of course this is not a satisfactory answer. We need a more robust explanation of which policies need to be changed, and how.

The following essays, assembled quickly while the event is still stirring our outrage, are far longer than a sound bite. Even then, they fall short of a comprehensive review. To detail the inter-relatedness of the many ways public policies cause hopelessness and despair in our inner cities would require a still lengthier and more detailed analysis.

Though each essay stands alone, it is plain to see that solving the problem of urban violence requires action on all five fronts.

The Heartland Institute has assembled experts in five areas of public policy that explain most of the woes of our inner cities. Though each essay stands alone, it is plain to see that solving the problem of urban violence requires action on all five fronts. It is not enough, for instance, to say that Dantrell Davis was a victim of the nation's War on Drugs. Surely he was, but would gangs be such a powerful presence in the inner city if families there were stronger? If welfare policy undermines families in the inner city, suspending the War on Drugs may still not solve the problem of gangs. If jobs were available and if barriers to jobs, such as minimum wage laws and occupational licensure, were removed, would inner-city youth be less inclined toward gang involvement and violence?

It is not enough to answer any one of the above questions in the affirmative and then assume that life in the inner city would be markedly improved by one or a few policy changes. It is all of a piece. We need that "comprehensive plan" mentioned earlier, a plan that addresses the many causes that lay beneath urban violence.

There is a theme common to all of the essays that follow. Whether it be housing, schools, drugs, welfare, or jobs, the authors find that current public policies are animated by the notion that "government knows best." This assumption, as Randy Barnett explains in his afterword, is plainly wrong. Basing public policy on so wrong-headed a premise has created problems far worse than those policy makers have sought to solve.

Policy makers of both the Democratic and Republican stripes have imagined they could overcome the problems of knowledge and interest that prevent government from being an effective solver of social problems. Again, it is fruitless to go back to determine how it all got started and who is to blame. The situation is now a bipartisan catastrophe in need of immediate change.

Tired thinking, knee-jerk reactions, and political posturing are inadequate and irresponsible responses to the tragic death of Dantrell Davis. To those who call for just more of the same, we must ask: If throwing more money at these problems is supposed to be a cure, where are the results of past spending? Compassion with other people's money may salve one's conscience, but we are long past the time when "feel-good" solutions could suffice.

The authors of these essays offer bold and imaginative programs for permanent improvement without regard to short-term gain. Many suggestions contained herein are specific, but more importantly they illustrate an *approach* that needs to be taken if progress is to be made in harmonizing the interests of all Americans. The details of implementation will be affected by the politics of the moment. The more important contribution of these authors is to point out the correct direction for others to follow.

For longer than a generation we have treated the citizens of our inner cities with patronizing indignity. We have presumed to know what is in their best interests, and we have made it impossible for them to choose how best to improve their lots. Can we now, with the results of some thirty years of experience before us, say this model is working? Can we believe the way to end urban violence is to stay the course and pour still more money into the failed programs of the past?

Tired thinking, knee-jerk reactions, and political posturing are inadequate and irresponsible responses to the tragic death of Dantrell Davis.

It is time to set the poor and disadvantaged free. Free to choose whatever education for their children they deem best, not what is forced upon them. Free to start businesses or take jobs on their own terms, not at prices and conditions determined by others. Free of the gangs that terrorize their lives, gangs supported by the obscene profits which drug prohibition brings about. Free to own their own homes or to pay rent in private buildings where people of various income levels live, free of a baleful dependency segregation that so define life in the public housing projects.

It is time, in short, for us to get out of the way. With freedom comes responsibility and a responsible citizen is the only hope for lasting peace. The authors of these essays point the way. I hope the reader will give them his or her most careful attention.

ABOUT THE AUTHOR

David H. Padden is president of Padden & Co., a municipal bond dealership in Chicago, and a director of Miller Building Systems. He was a founding director of The Heartland Institute in 1984 and now serves as its chairman. He is also a director of the Cato Institute and Citizens for a Sound Economy, two educational and public policy research organizations based in Washington, D.C.

2. Housing

By Michael Finch

Dantrell Davis was killed by shots fired from the tenth floor of a building in the Cabrini-Green public housing complex in Chicago. That the killing took place where it did was no coincidence: Public housing in recent years has become synonymous with violence as "the projects" have become the sites of gang wars, drug trafficking, and myriad other social problems.

If we truly wish to stop the killing in Chicago, we must address the forces that put Dantrell Davis and thousands of other children like him in dangerous and deteriorating public housing projects.

THE FAILURE OF PUBLIC HOUSING

Government's past attempts to house the poor by building, owning, and managing housing "projects" have, by and large, been failures. Recent history has shown that investing public funds in concentrated high-rise public housing projects -- rather than making use of existing, decentralized, low-rise private housing -- has been a terrible mistake.

Public housing in recent years has become synonymous with violence.

The high-rise public housing projects, some twenty-two stories high, are in varying stages of deterioration; many are in need of major repairs. Crime rates in the projects are among the highest in the nation. Drug use and drug dealing are commonplace, and gangs fed by drug money rule the halls and common areas of many buildings. There are few male role models to be seen at Cabrini-Green, as single mothers, often representing a second or third generation of residence in public housing, dominate the projects.

Public housing was originally designed and built for the traditional poor, those whose breadwinner was out of a job or was temporarily in financial trouble. It was not planned to hold and help the "new poor," people who are chronically unemployed and are part of broken and dysfunctional families. As early as the 1950s, just ten years after the first buildings at Cabrini-Green were erected, the project was becoming home to "hard-core poverty families" with little hope of ever leaving.[1]

Today, the buildings at Cabrini-Green have a national reputation for being among the most dangerous and unhealthy habitats in the country. The building's "transportation system" -- its elevators -- are often out of order because they were simply not designed to withstand use by boisterous teenagers, by preschoolers rushing to play out-of-doors, and by students hurrying indoors to relieve themselves in a fifteenth floor toilet. They have become the haunts of drug users and dealers and street bums who wander into the building to ogle young girls.

Eight years ago, then-CHA executive director Zirl Smith gave a most succinct description of conditions at Cabrini-Green when he said "Almost everything is broken."[2] Recent news articles in

Chicago's daily papers have documented that the depressing conditions have only worsened with time.

WHO NEEDS PUBLIC HOUSING?

How do people come to live in public housing? Why aren't there affordable homes in the private housing market to accommodate them?

The profile of the typical occupant of public housing has changed considerably over the years: Today, 90 percent of the households with children are headed by women. Most rely upon public assistance, and have for many years. Many of the people who need subsidized housing have "worn out" the safety net of friends, family, church, coworkers, and other persons and institutions that the rest of the population can rely on in times of personal trouble. Many have learned to "game the system," living a lifestyle acceptable to them by piecing together AFDC benefits, free housing, food stamps, and occasional unreported income from employment in the legal or black markets.

Concentrating the poor in high-rise ghettoes has made the problems associated with poverty many times worse.

Concentrating the poor in high-rise ghettoes has made the problems associated with poverty many times worse. Children grow up surrounded by broken families, drug abuse, and chronic unemployment. Adults are surrounded by people who, for whatever reasons, are unable or unwilling to lead productive lives. The goal of mainstreaming the poor -- integrating them into income-diverse communities so they benefit and learn from the successes of others -- is made impossible by high-rise public housing.

WHAT HAPPENED TO AFFORDABLE HOUSING?

In major cities around the country, including Chicago, single resident occupancy (SRO) hotels have been torn down to make way for new commercial or high-rent residential developments. Most cities have reported declines in the availability of housing renting for 40 percent or less of poverty-level incomes. [3]

In earlier years, the traditional source of low-income housing in cities was the housing left behind by upwardly mobile classes. In Chicago, for example, one group of immigrants replaced another in what Chicago sociologists have termed "invasion and succession." Brian J.L. Berry described the process as it operated in the late nineteenth century this way:

> As the civic leadership moved, so did the affluent. Meanwhile, the middle classes continued to flock into new suburbs constructed along the radiating mass transit lines, to be replaced in older suburbs that had by then been absorbed into the continuous urban development by upwardly mobile working class ethnics who, Americanized in Chicago's melting pot, left the crowded innermost city neighborhoods to those least able to take advantage of the city's opportunities, and to new poverty-stricken immigrants pouring in from Eastern Europe. [4]

The process of invasion and succession continued to work well into the twentieth century. From 1960 to 1970, for example, the metropolitan housing stock increased 24 percent, but the region's population grew only 12.2 percent, initiating what Berry called "a massive chain of successive housing moves . . . as families living in older neighborhoods moved to homes vacated by the new suburban homeowners and renters, and so on down the chain of housing values. The resulting effects rippled progressively inward from the suburbs to the core of the city." [5]

The interruption of the process of invasion and succession in the 1980s marked the beginning of the affordable housing shortage.

The interruption of this process in the 1980s marked the beginning of the shortage in affordable housing. The process was interrupted by many seemingly unrelated factors. For example, completion of the national interstate highway system, high interest rates in the early 1980s, and slowing population growth all put a brake on suburban housing construction, leading many middle-income families to stay in their city or old-suburban homes. Urban renewal -- which often meant tearing down old buildings but not building new structures -- and the virtual suspension of new home construction in the inner city meant a tighter supply of affordable housing in the city. The collapse of inner-city schools and migration of businesses to the suburbs meant families left in the inner city became less likely to earn incomes sufficient to rent what city housing was still available.

The linkage between inner-city and suburban housing markets could possibly have survived any one of these factors, but their combination proved too great a burden.

To say the process of invasion and succession has been interrupted is not to say there is a housing shortage. The number of housing units in the U.S. has risen faster than the number of households since 1970 (46 percent versus 41 percent) and since 1980 (14 percent versus 11 percent).[6] Vacancy rates in 1988 were significantly higher than they were seven years earlier (8 percent versus 5.2 percent),[7] and in Chicago vacancy rates are highest where household incomes are lowest. The problem is that the poorest of the poor cannot afford the market rents for available housing. To the extent that public policies artificially raise housing costs, they are responsible for some families being forced to rely on public housing.

THE ROLE OF PUBLIC POLICY

Public policy played a key role in ending the process of invasion and succession. The connection is apparent in the cases involving highway construction, interest rates, urban renewal, and the quality of inner-city education. But the connection is also present in other ways. Zoning ordinances, building codes, and occupational restrictions made residential construction more difficult and expensive in most cities, and consequently made moderate-cost housing less profitable. According to Peter H. Rossi, a leading expert on housing and homelessness, these laws "certainly drive up the prices of even minimum standard housing." [8]

In Chicago, the consequences of building codes and regulations are easily discerned. In 1986, builder Jack McNeil, a past president of the Homebuilders Association of Greater Chicago, estimated that it cost $20,000 more to build a 1,500-square-foot home in Chicago than in the suburbs because of the building code. Among other things, the code restricts the use of flexible electrical conduit, plastic

plumbing, flexible duct work, and the full range of exterior shell materials. [9]

Zoning ordinances and building codes make residential construction more difficult and expensive in most cities.

Ms. Mary Nelson, president of Bethel New Life Inc., a church-affiliated nonprofit organization specializing in low-income housing, estimates that Chicago's building code adds 20 percent to her organization's cost of building an affordable home. Her concerns have been echoed by Habitat for Humanity president Millard Fuller. Efforts to renovate abandoned buildings in Chicago have been particularly handicapped by the restrictive building code.

The Davis-Bacon Act, requiring that public works projects pay "prevailing wages" to their laborers, also stands in the way of affordable housing.[10] Davis-Bacon passed in 1931 with the intention, in the words of its principal author, to "protect local contractors from certain itinerant, irresponsible contractors, with itinerant, cheap, bootleg labor." In 1931, those "certain itinerant types" were black migrant workers from the South.

Davis-Bacon prevents the residents of public housing complexes from using their own resources to build, fix, or repair their units. Under Davis-Bacon all public housing units, even ones that have been sold through HUD's privatization plan, are forbidden to use non-union labor for even the smallest repairs.

Davis-Bacon greatly inflates the cost of renovating public housing projects, and it is responsible for a large share of the current unsafe and unsanitary conditions at Cabrini-Green. Moreover, Davis-Bacon discriminates against black workers because many minority workers are not members of trade unions. This not-so-subtle racism stymies small minority entrepreneurs and stifles local neighborhood business. Such restrictive wage laws should be repealed.

Zoning ordinances are another reason there is little affordable housing in many communities. Zoning ordinances historically have been used by special interest groups to restrict competition, prevent "undesirable" newcomers or persons with low incomes from entering a community, and enforce a "not-in-my-back-yard" mentality toward economic development.[11] Zoning decisions in most communities are intensely political and based much more on the influence (and in some cases, money) of special interest group lobbyists than the public's interest.[12]

By restricting the supply of moderate-income housing, zoning ordinances contribute to the shortage of affordable housing, overcrowding in low-income neighborhoods, and the pattern of *de facto* racial segregation that so characterizes the Chicago metropolitan area. Chicago and Illinois need a sweeping revision of zoning laws that would open neighborhoods to new home construction and voluntary integration.

Chicago's building code and the zoning laws that govern land use in the metropolitan area can be defended as necessary means of assuring public safety, and in some communities and at certain times these laws may achieve this end. But over time, these laws have become twisted and deformed by special interest groups seeking to achieve ends much different than those that are publicly admitted. Substantial revisions to these laws must be on the agenda if we are to expand the supply of affordable housing.

THE SOLUTION: MAINSTREAMING THE POOR

The solution to the crime, violence, and despair of Cabrini-Green is *not* to improve the management of the buildings, since better management leaves in place the segregation by income and race that perpetuates poverty and breeds crime, and an architecture inappropriate for families with young children. Nor does the solution lie in pouring still more money into renovating the high-rise buildings: Vandalism by public housing residents is endemic, a consequence of policies that ensure that the residents do not value the assets they have been given. And rehabbing the CHA's lakeside high-rises costs approximately $85,000 per unit, far more than the $15,000 - $25,000 cost reported by private renovators in the city.

Davis-Bacon prevents the residents of public housing complexes from using their own resources to build, fix, or repair their units.

The reality of our situation is that no solution will be found to the problems of Cabrini-Green and other housing projects like it so long as we put concern with saving past public investments in "bricks and mortar" above the interests of the families that now live in these buildings. We must first set our priorities straight: The interests of the families must come first. The interests of the CHA and HUD administrators, no matter how committed or sincere they are, must come second.

It should be obvious to everyone that families are ill-served by the high-rise buildings they now occupy. It is a shame that it takes another senseless killing to drive this point home still again. And it is almost criminal that public officials should spend hundreds of millions of dollars on expensive rehabs, security sweeps, and metal detectors when that money could be better spent on low-rise housing spread out in neighborhoods throughout the city and suburbs.

The solution is for people to leave Cabrini-Green, and for the buildings to be torn down and/or sold to private developers for redevelopment as they deem fit. Many people are already leaving Cabrini-Green, though their success stories go unreported and unnoticed. In 1970, approximately 20,000 people lived in the Cabrini-Green complex. Today there are fewer than 7,000 residents. Why aren't we studying how so many families escaped the terrible conditions at Cabrini-Green, and helping other families follow their lead? Why do we instead concentrate our time and money on finding ways to encourage families to *stay* at Cabrini-Green?

The families now living in Cabrini-Green must be encouraged and helped to find new housing. There are successful models for how people can be moved from public housing to private housing in more successful neighborhoods: one is the Leadership Council for Metropolitan Open Communities. We can supplement the incomes of poor families with housing vouchers so they can afford to pay rents in the private housing market. And there are ways to create new, affordable housing for low-income families at costs far below those involved in renovating and maintaining the high-rise public housing projects.

HOUSING VOUCHERS

The funds now used to maintain and operate the complex can be devoted to financing housing vouchers for the poor. Vouchers would enable the poor to purchase housing on the private market, just as the poor now use food stamps to buy food on the private grocery market.

The federal housing voucher program currently operating under Section 8 of the 1974 Community Development Act allows poor families to choose where they want to live and how much they want to pay in rent. The program then pays the difference between a regional average rent figure and 30 percent of the family's income. For example, in Chicago the average rent figure for a one-bedroom apartment is $515. A family with an income of $15,000 a year could rent a one-bedroom apartment for $600 a month and receive a voucher equal to $99 a month ($15,000 x 1/3 = $5,000; $5,000 / 12 = $416; $515 - $416 = $99).

Using vouchers to help house the poor has received support from across the ideological and political spectrum.

Section 8 housing vouchers are a possible vehicle for redirecting current public housing funds and committing new funds raised from the sale of Cabrini-Green buildings. Vouchers utilize existing housing stock, rather than requiring expensive investments in renovation or new construction, thus making vouchers twice as cost-effective as credits.[13] They encourage voluntary desegregation by allowing families to choose the neighborhoods they live in. They encourage price competition among landlords and careful shopping by renters by allowing families to keep the money saved by "beating" the average rent figure set by the government.

Using vouchers to help house the poor has received support from across the ideological and political spectrum, including the conservative Heritage Foundation,[14] the liberal Brookings Institution,[15] and the libertarian Cato Institute.[16] It is widely agreed that the program has minimized the problems of corruption and tremendous public expenses associated with subsidizing renovations and new construction. Some criticism of the manner in which the housing vouchers program has been implemented in the Chicago area, particularly the complaint that HUD appears to have concentrated Section 8 families in particular communities and neighborhoods, may be legitimate.[17] But few people argue that these flaws are not remediable.

DEFENDERS OF PUBLIC HOUSING

There are critics of housing vouchers who are wed to the idea, but never the reality, of public housing. Most critics believe that moving from government-owned and -managed projects to a voucher system represents a way to save money rather than to shelter more people, and consequently is a retreat from the public commitment to housing the poor. But this criticism rings hollow. Vouchers allow many more people to be housed for the money now being poured into rehabbing and maintaining unsafe and inappropriate public housing projects. Taxpayers have a right to demand that their elected officials find and use the most cost-effective means of achieving the ends that they have approved.

Some criticism of housing vouchers is contrary to what we know about people. Some politicians and community leaders think mainstreaming would not work because the current residents have no

experience at renting in the private market or owning their own homes. Apparently these critics feel that public housing residents can survive only on government-run "plantations" or "reservations." Such arguments are insulting, not just to the residents of public housing, but to the working poor, the thousands of people who have successfully left the projects to lead productive lives, and the entire inner-city community.

Apparently these critics feel that public housing residents can survive only on government-run "plantations" or "reservations."

The horrible experience of life in the projects is also compelling evidence that the defenders of public housing are wrong. Government-run projects are not good places to raise families. They are worse -- many times worse -- than most of the poor neighborhoods in Chicago. In poor neighborhoods, there are opportunities for residents to improve their lot, to hold public service providers accountable for their work, and to apply the resources of private businesses and institutions to solving problems. In Cabrini-Green, few such opportunities are offered, residents can do little to hold the CHA accountable for conditions, and private businesses are not welcome to try to improve the community.

OTHER SOLUTIONS

There are many reasons why people need help finding affordable housing. While emptying Cabrini-Green and redirecting public funds into housing vouchers are two of the biggest steps Chicago could take toward ending the violence at Cabrini-Green, other policy changes are needed to address some of the underlying reasons, described earlier, for the shortage of affordable housing.

- **Repeal the Davis-Bacon Act and other restrictive labor laws.** The original purpose of Davis-Bacon was to protect union workers from the encroachment of minorities into the labor market. This law, along with many other labor laws, acts as a barrier to the economic advancement of minorities and should be repealed.

- **Remove restrictions on modern building techniques.** It is time to update and simplify building codes in Chicago and throughout the metropolitan area. Unnecessary restrictions on the use of flexible electrical conduit, plastic plumbing, and exterior shell materials constrict the supply of low- and moderate-income housing in Chicago, resulting in increased building costs, expensive public aid programs, racial segregation, and other unfortunate conditions.

- **Depoliticize the zoning process.** Zoning can play a legitimate role in planning urban expansion, consolidating industrial activities, and keeping our neighborhoods safe and quiet. But the process is so often abused that it is now as likely to damage as to help protect our communities. Alternatives to zoning exist and are used in many communities around the nation[18]; they should be studied and applied in Chicago.

- **Lower property taxes.** Property taxes make it unprofitable for landlords and real estate developers to renovate or maintain many buildings in Chicago that could otherwise be providing affordable housing. It is a truism that if you tax something, you get less of it. In Chicago, we tax housing at very high rates, and we should not be surprised that we have a shortage of affordable housing.

CONCLUSION

Nobel laureate Gary Becker has said that "the original idea of public housing was fundamentally flawed. It's a bad idea to have these public complexes, which become breeding grounds for crime and unemployment and permanent repositories for families with these problems."[19]

Who doubts that public housing played an important role in the death of Dantrell Davis?

Who doubts that public housing played an important role in the death of Dantrell Davis? And who could seriously argue that other children in Chicago would not be better off if we could enable the poor to reside in integrated and safe neighborhoods around our city?

We know more today about "what works" in housing the poor than we did in the 1960s, when the nation began investing in public housing projects. Policymakers have learned there is no political gain to be had by giving people housing whose value falls so quickly as to harm, rather than benefit, its recipients. It is time to move away from the failed approaches of the past and toward a new paradigm of mainstreaming the poor by expanding the supply of affordable housing and utilizing existing private housing through housing vouchers.

We have it within our reach to rescue the thousands of children who now face the life-threatening risks that come with life at Cabrini-Green. All that is wanting is political will.

ABOUT THE AUTHOR

Michael Finch is executive director of the Illinois office of The Heartland Institute, a nonprofit and nonpartisan center for public policy research. He would like to thank Ed Marciniak, president of the Institute of Urban Life at Loyola University of Chicago, and the author of several books on public housing and urban policies, for his helpful comments on an early draft of this essay.

3. Education

By Herbert J. Walberg, Ph.D.

When we ponder the causes of peace, renewal, and prosperity in a poor neighborhood, the role played by schools comes quickly to our attention. Ideally, schools are places of refuge for children, a source of community pride and betterment, and a springboard for the success of each new generation. When schools fail to perform these roles, communities often deteriorate or fail to grow as they otherwise would.

Ideally, schools are places of refuge for children, a source of community pride and betterment, and a springboard for the future success of each new generation.

One reason Dantrell Davis died was that the public schools serving the children of Cabrini-Green do not compare well to the ideal role of a school in a poor community. Indeed, most Chicago Public Schools fail in this respect. The teachers and administrators of these schools should not be blamed for this failure: This essay is not about placing blame. Educating children is an art, not a science, and educating children from broken families in a dysfunctional community is possibly the most difficult art of all. Still, experience has taught us a great deal about what works and what doesn't work in schools serving diverse student populations. We ignore the data from such experience at our own peril.

Without blaming individuals, and without minimizing the difficulty teachers and administrators face, we nevertheless can begin to understand why many inner-city schools are failing and how we can help them to improve. If we can improve the schools, we can help rebuild communities such as Cabrini-Green and prevent more children from suffering the fate that befell Dantrell Davis.

THE FAILURE OF CHICAGO'S PUBLIC SCHOOLS

Chicago's public schools are in critical condition. They have been called "the worst in the nation" by a former U.S. Secretary of Education. Chicago is not alone when it comes to public school failure, but by almost every measure the failure in Chicago is worse than in other parts of the country.

Dropout rates range between 43 and 53 percent of students in Chicago's public schools. In some schools the rate runs as high as 75 percent. Chicago's dropout rate is double the national average. Violence is rampant. In 1986, 737 violent crimes were reported on school grounds. ACT scores are 28 percent lower than the national average. While student enrollment has fallen by 18 percent, the number of administrators has risen by 47 percent. Perhaps the most damning indictment of the public schools is that in Chicago, 46 percent of Chicago Public Schools teachers who live in the city send their children to private schools.

WHY OUR SCHOOLS DON'T WORK

The failure of Chicago's public schools has been pondered and "explained" by many newspaper reporters, elected officials, and various "experts." Too little attention, however, is given to the large body of work produced by respected scholars examining the success and failure of schools around the country. These experts have presented complete and persuasive explanations for public school failures. The experts do not all agree, of course. But three complementary explanations -- from sociologists, political scientists, and economists -- have gained widespread acceptance among scholars.

ACT scores for Chicago's public high schools are 28 percent lower than the national average.

University of Chicago sociologist James S. Coleman, one of the nation's most prominent and respected authorities on educational issues, has written that public schools fail because they no longer create community support for students and the learning process.[20] This failure, in turn, comes about because attendance at the school is not voluntary, but by assignment; because political control by school boards and state mandates makes it more difficult for educators and parents to resist student demands for easier courses and lower standards; and because the political unit that determines enrollment, the school district, is not based on shared values but rather on geographic proximity.

Catholic schools, says Coleman, work where public schools often fail because they create "communities of interest" between students, parents, and educators based on shared values, voluntary selection, and a commitment to student achievement. Dr. Coleman has found that private school students achieve at significantly higher levels than students attending public schools. These differences persist even when socioeconomic background (the income, occupation, education, religion, and race of parents) is statistically controlled for. These differences are all the more remarkable because the average private school spends just *half as much* per pupil as the average public school.

Coleman's research finds that minority and disadvantaged students *benefit even more* than other students by being enrolled in private schools. These students, Coleman believes, benefit the most from the kind of community support and educational leadership that a private school can deliver.

Complementing the sociological explanation of the failure of public schools is an explanation by political scientists such as University of Minnesota professor Ted Kolderie, John Chubb of the Brookings Institution, and Terry Moe of Stanford University. These authors believe that the institutional constraints created by the public school monopoly over tax funding and student assignment are inherently inimical to efficiency and accountability. For example, Ted Kolderie writes:

> Education has not had to innovate in order to survive. People in business may not welcome competition, but they accept the reality of it. So increasingly they assume the need for change. People in education have not been similarly exposed to competition -- to the risk of failure. So like any managers comfortable in a cartel, they cling tightly to the traditional "givens" of their system.[21]

John Chubb and Terry Moe, in their 1990 book titled *Politics, Markets, and America's Schools*,[22] make the more technical argument that public schools tend not to be organized effectively

because they are politically controlled, and that until they are freed from such control they cannot be expected to significantly improve. Private schools, on the other hand, tend to be effectively organized, not *despite* the fact that no law or government agency requires them to be, but *because* no such law or agency exists. Private schools are directly accountable to parents, and teachers and administrators are empowered to do what is necessary to respond to parental concerns. This "bottom up" accountability is far more effective than any kind of "top down" accountability enforced by rules and regulations.

People in education have not been exposed to competition -- to the risk of failure. So like any managers comfortable in a cartel, they cling tightly to the traditional "givens" of their system.

There is, finally, an *economic* explanation for why public schools so often fail. This explanation, contained in the work of writers such as Nobel laureates Milton Friedman[23] and Gary Becker,[24] and *Forbes* writer Peter Brimelow, emphasizes that public schools are organized like government-protected cartels, and consequently they behave in some of the same ways as members of cartels. The combination of geographic assignment of students, tax funding, and political oversight by elected school boards creates an environment where incompetence is difficult to identify and even more difficult to penalize.

Rent-seeking conduct -- where persons use their positions to benefit themselves at the public expense -- proliferates in government schools, just as it does in other heavily subsidized and uncompetitive industries such as mass transit and mail delivery. The special interest groups in the education establishment use their clout to inflate salaries, reduce job responsibilities, expand administrative staff levels, and exclude potential competitors by erecting occupational licensing and regulatory barriers to private educators and schools. As Peter Brimelow puts it:

> U.S. education is in essence a socialized business, the American equivalent of the Soviet Union's collectivized farms. In such a setup the power of the education lobby and the sympathy that the media extends to educators become the decisive factors, rather than results.[25]

As government agencies, public schools behave worse than either private sector monopolies or cartels. Firms in the latter situations seek to maximize their profits, and even their anticompetitive behavior will sometimes benefit consumers. Public schools, in contrast, are accountable to school boards and elected officials, and therefore seek to maximize political gain, not parental satisfaction. Since the agendas of elected officials are often very different from those of parents and students, the "consumers" of education suffer.

WHAT WON'T WORK: SPENDING MORE MONEY

Many politicians, teachers union spokespersons, and the State Board of Education feel the problem of poor-performing schools will be solved by pumping more money into the schools. The evidence, however, suggests that they are wrong.

Illinois had about 1.7 million children in schools in 1989-90 and spent $10.4 billion, about $5,868 per student, the 13th highest per-pupil spending level in the country that year. The average teacher's salary in Illinois in 1990 was about $32,000 plus benefits; the average pupil/teacher ratio was 17.1:1. Spending on education in Illinois increased by 83 percent in current dollars and 30 percent in constant dollars between 1981 and 1991, even though we have over 100,000 fewer students.[26] And despite this massive increase in spending, the performance of Illinois' schools continues to decline.

Studies have shown that spending more money does not result in better schools. After examining 65 studies of the relationship between spending per pupil and student achievement, Eric Hanushek concluded that "there is no strong or systematic relationship between school expenditures and student performance."[27]

Studies have shown that spending more money does not result in better schools.

William Sander, professor of economics at DePaul University, has concluded in a study that "the results of empirical research strongly suggest that student achievement depends little upon how much money is spent, and significantly more upon how it is spent. . . . [T]he magnitude of the teacher effect on student achievement is relatively small. Thus, one cannot expect a substantial impact on ACT scores from paying teachers more."[28]

We must be skeptical of claims that more money will improve our schools. Illinois' own experience in recent years has been that higher spending does not produce better student achievement, and research nationwide repeatedly has found no correlation between increased spending and improved student achievement. There is evidence to support just the opposite position: New Jersey, New York, and Washington, D.C. rank one, two, and three as the nation's top spenders on education. Yet they rank 39, 42, and 50 on SAT test scores.[29]

The path to better schools for Illinois does not lie in asking taxpayers to be still more generous to the schools, or in giving bureaucrats in Springfield more control over schools. Instead, we must look to institutional reforms that make schools want to improve themselves. Some of the most promising reforms being used in other states are suggested below.

WHAT IS EDUCATIONAL CHOICE?

Educational choice means giving parents the right to choose the schools their children attend. The most modest choice proposals would allow parents to choose which *public* schools their children attend, even if they live outside the chosen school's district. State legislation would ensure public funds "follow the student" to whichever school the parents select.

A more ambitious educational choice program gives parents the right to choose *private* as well as public schools for their children, with public tax dollars paying some or all of the tuition at the school that is chosen. Such *comprehensive* choice programs would give parents education certificates or scholarships good for tuition (up to some set amount) at the participating school. How much the scholarship should be for, which schools may participate, and what kinds of regulations should be imposed on participating schools are all questions that can be answered in different ways during the choice program's *design process*.[30]

The most radical choice program would use education certificates to open the field of education to many businesses and institutions that are not exclusively in the business of education. Museums, zoos, hospitals, libraries, and computer and publishing companies are some of the businesses that would provide educational services *if* they could receive public funds for the services they provide. Right now, these firms are locked out of the education process because public funds go almost entirely to government-owned and -operated schools.

Some families already have the ability to choose schools. Affluent families can move into neighborhoods that have good schools, or enroll their children in private schools. But lower-income families often cannot afford to exercise this kind of choice, and must submit to the public schools assigned to their children by school administrators.

While the dropout rate for the Chicago Public Schools was approximately 50 percent, the Catholic schools report less than 1 percent dropping out.

Chicago has a limited public school choice program whereby some schools, called "magnet schools," are given additional funding and allowed to recruit students from outside their usual attendance zones. Some of the city's magnet schools have become quality institutions that produce the city's best test scores. But magnet schools drain resources from other schools; they "cherry pick" the best students from around the city; and they raise serious questions about equity and fairness.[31] The fact that there are long waiting lists of students wishing to get into many of the city's magnet schools suggests that this limited choice program could readily be expanded.

THE CASE FOR EDUCATIONAL CHOICE IN CHICAGO

The success of private schools -- which are schools of choice -- tells us that we could improve the performance of public schools if we could get them to operate *more like* private schools. An educational choice program makes this possible.

The comparison between the public schools and the Catholic schools is telling.[32] Both school systems have a minority student population of about 80 percent. They draw students from the same neighborhoods and both have essentially open enrollment policies. But while the dropout rate for the Chicago Public Schools is approximately 50 percent, the Catholic schools report less than 1 percent of students dropping out. Over 70 percent of the graduates of Catholic schools go on to college or other specialized training. The Catholic schools exercise more local school autonomy, have smaller average school enrollment, and amazingly have only 36 administrators in the entire city.

Under a choice program, parents and students would sort themselves among the available schools, finding the schools that have the educational philosophy, teachers, and curricula that are most suited to their needs. Parents will be *empowered* by having the option to exit from schools that fail to address their needs, and educators will be rewarded for designing programs that best meet the needs of every child.

An educational choice program will replace bureaucratic controls and obsolete central planning methods with greater parental involvement, streamlined administration, smaller decision-making bodies,

and other characteristics of effective schools. A choice program would better, more effectively organized schools. This alone is a powerful argument for allowing parents to choose their children's schools.

Mary Anne Raywid, an author and professor of education at Hofstra University, has written:

> There is abundant evidence that public school parents want choice; that they are more satisfied with and have more confidence in schools that provide it; that parent choice increases the commitment and cohesion within schools extending it; and that these attributes combine to improve school quality and make schools more effective.[33]

Secretary of Education Lamar Alexander has said that:

> I'm very much for choice . . . . I don't even know why in America it's an issue. You don't tell people where to live . . . what car to buy. They ought to go to school where they want to go to school, and people who can't afford it ought to have some help and a wide range of choices.[34]

Similarly, Dr. Abigail Thernstrom, of Harvard University, after questioning whether choice will result in the improvements in schools that free market advocates predict, nevertheless concludes in her recent book on *School Choice in Massachusetts*:

Involuntary school assignments serve no higher purpose. Choice, by conferring greater freedom, enhances personal dignity.

> Policy considerations aside, choice is a value in itself. The results -- more parental involvement and better test scores -- are secondary. Freedom involves the opportunity to choose. To the degree to which the society restricts choice, it is less free. Some restrictions are essential; the social order depends upon them. But involuntary school assignments serve no higher purpose. . . . Choice, by conferring greater freedom, enhances personal dignity.[35]

Support for educational choice, while quickly spreading, is not unanimous. The Carnegie Foundation for the Advancement of Teaching, for example, recently issued a news release quite critical of educational choice. That report, however, contains many errors and misrepresentations. The report claims that "in states where school choice has been adopted, less than 2 percent of parents participate in the program," yet *participation in choice programs is 100 percent in East Harlem and in Cambridge, Massachusetts*, and a 1991 survey found that 32 percent of children attend schools their parents choose![36] In Milwaukee, many more students apply for the city's pilot voucher program than can be accommodated by participating schools. Polling data contained in the news release to support other anti-choice positions was generated by survey questions written to mislead respondents and produce the desired results.[37]

Chicago's experiment with school-based management has failed to produce any improvement in student test scores and, most importantly, shows little promise for improving many of the city's poorest-performing schools. The reason, based on the discussion above, is not difficult to ascertain:

Decentralized management is only half the answer to the problems facing public schools. The other half is allowing parents to choose the schools their children attend, thereby motivating parents to support the learning process and making schools "want to improve themselves" to attract more students.

SOLUTIONS

The following school reforms would help schools in Chicago better perform their role as sources of community renewal and economic growth:

- **Give parents the choice of which public schools their children attend.** Giving parents the choice of which schools their children attend encourages parental involvement in education, a proven way to improve student achievement. Moreover, choice inspires competition among schools, creating rewards for responsible innovation and penalties for failure. Illinois should follow the lead of Minnesota and nearly a dozen other states that currently allow parents to choose among public schools for their children.

- **Experiment with private school choice.** An experimental program in Milwaukee, Wisconsin, allows up to 1,000 low-income students to attend private schools on state-paid scholarships of $2,500 a year. This program allows children to escape some of the worst public schools in the nation, has inspired far-reaching reforms in the public school system, and in the long term could save taxpayers money. This plan should be implemented in a Chicago neighborhood -- perhaps Cabrini- Green -- and expanded if successful.

- **Resist concentrated funding and control in Springfield.** Special interest groups, not individual taxpayers, are best represented in Springfield. By increasing the state's share of education spending, we are inviting a shift in control from taxpayers and locally elected officials to special interest groups concentrated around the state capital. This is the wrong way to restore quality and accountability to our schools.

- **Deregulate successful schools.** State government has increasingly imposed more and more mandates and requirements on public schools. These requirements cover everything from labor relations and facilities to curriculum. These regulations stifle innovation and make it more difficult to reward good principals and administrators.

CONCLUSION

Schools are vitally important community institutions. If they are failing to provide safe refuges for children and the skills and aptitudes needed for employment and success, then tragedies such as those now occurring at Cabrini-Green will continue.

The solutions proposed above would not, by themselves, stop the killings in the city's public housing projects or in its other neighborhoods. But they do address a critical need. By strengthening schools and extending choice, we begin to empower families and break the hold of poverty on the next generation. Strong schools lift their neighborhoods, while poor schools drag them down. A response to Dantrell Davis' death in Chicago would be incomplete if it did not include ways to improve our schools.

ABOUT THE AUTHOR

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4. Drugs

By Daniel Polsby

Why was the person who shot Dantrell Davis pointing a rifle from a window of the Cabrini-Green public housing development? The answer to this question points to the role drugs and the nation's War on Drugs play in fueling urban violence and countless deaths.

DRUGS AND GANGS

At the time this essay was written, the chief suspect in the Dantrell Davis murder investigation was a member of a notorious street gang. He is believed to have been ordered to fire on members of a rival gang to intimidate them into joining his gang. To reach his perch in the Cabrini-Green complex, he walked and crawled through openings broken through the cinder block walls dividing unoccupied units of the complex, a labyrinth of passages and tunnels created by the gangs to evade police and rivals.

Why was the person who shot Dantrell Davis pointing a rifle from a window of the Cabrini-Green public housing development?

Why are there gangs at Cabrini-Green and in other housing projects in Chicago? Why are they so heavily armed? What are they competing for?

The roots of gang violence in places like Cabrini-Green are not completely understood. But it is evident that one source of the problem is that the law has made drug dealing an illegal enterprise in which gangs operate as the principal distributors. Consequently, disputes and competition among suppliers are more often solved by violence than lawsuits or advertising campaigns.

Although drug use itself is illegal, there are so many consumers that the threat of arrest (let alone prosecution or imprisonment) for a possession offense is hardly credible. Prosecuting drug users is particularly difficult because drug *use* (as opposed to the actions leading up to or following drug use) is the quintessential *victimless crime*: No "victim" of simple drug use testifies against the user in court. Prosecutors rely on informants, sting operations, and expensive surveillance efforts. Despite such efforts, it is relatively easy for a non-trafficking user to stay clear of legal entanglements simply by transacting business behind closed doors with people who are unlikely to be police officers.

In contrast to the users, the distribution systems that have arisen to serve the demand for drugs are vulnerable targets of law enforcement. Very simply, it is easier to identify and arrest the smaller number of dealers than it is to punish every user. As a result, drug laws have raised the risks associated with selling drugs, and consequently greatly raised their price.

In legal industries, one way to control risk is to spread it out across investors in a *firm*. When an enterprise is illegal, as in the case of drug dealing, the place of the firm is taken by *gangs*. So long as the penalties for drug distribution are great, the most logical avenue of distributing drugs will be through

street gangs.

Drug prohibition inflates the price of drugs by limiting the number of people who can assume the risk of distributing illegal substances, but it does not guarantee to the gangs a particular price or sales territory. Competition among rival gangs to enforce pricing agreements and control drug traffic in particular neighborhoods has led them to acquire guns and even explosives to take or defend "turf." Chicago police believe that about one-third of the city's homicides and shootings are drug and gang related. This would suggest that gang violence is responsible for 300 or more deaths and several thousands of aggravated batteries per year in the city alone.

DRUGS AND URBAN CULTURE

Drug money finances the gangs at Cabrini-Green and in other neighborhoods in Chicago.

The influence of drugs and the War on Drugs extends far beyond the gangs. There can be little doubt that jobs in the drug underworld compete successfully with jobs in the legal economy. A successful drug runner will not need a day job; even after taking into account the often-inflated estimates of the incomes of drug traffickers, the pay on the street exceeds by a considerable margin the typical wages of entry-level positions in the legal economy.

Several years' experience in narcotics sales is not an apprenticeship likely to lead to sales work at Sears or Walgreen. The experienced drug dealer will likely have a police record, a drug habit, and a vocabulary and world outlook that make him or her nearly unemployable. For many young men, in particular, dealing drugs is a one-way street that ends with drug overdose or violent death.

Drug laws ensure that this estrangement from the rest of society will lead to violence. So long as the drug business remains illegal, business disputes will have to be resolved outside normal and legal channels. Gangs will need to provide for the enforcement of contracts, the prevention of theft and cheating, and all the other functions that legitimate businesses resolve by legal means.

So in addition to being secretive and estranged from the norms of conventional society and the values of the working world, gangs and their members will have to be armed to the teeth and violent, both to attack competitors and to defend against competitor's attacks. It is small wonder that public housing projects have become powder kegs -- all because of the belief that the problem of drug abuse can be effectively managed through the criminal process.

DRUGS AND CRIME

In the public mind, drugs and crime have been twin social evils since they arrived together on the screen of national consciousness a quarter century ago. That there is a linkage between the two is now an axiom of public conversation, and every year since the first Nixon Administration the law enforcement budgets devoted to the suppression of drug abuse have increased.

There is evidence that certain drugs, in particular amphetamines, have criminogenic properties -- that is, they cause people taking them to become violent or dangerous. As a generalization, however,

the abuse of illegal drugs -- overwhelmingly marijuana and cocaine -- although it is itself a crime, does not lead to other crime. The victims of drug abuse, as of other self-destructive behavior, are largely the abusers themselves and their families.

Most drug offenders apparently do not commit non-drug crimes.

It is well documented that many criminals use drugs. For example, in 1988, 72.2 percent of male arrestees in twenty U.S. cities tested positive in a urinalysis for the use of an illicit drug. But the reverse is not true: *Most drug offenders apparently do not commit non-drug crimes.* No doubt there are drug addicts who commit crimes to support their expensive habits, and these criminals are responsible for a considerable part of urban crime. But these drug addicts make up only a small fraction of the total drug-user population. Marcia Chaiken and Bruce Johnson, writing in a 1988 National Institute of Justice report, conclude:

> Unlike adolescents, most adults who use drugs do not engage in other forms of illegal behavior. Even among those who commit crimes, most adult drug-involved offenders are not violent and commit crimes at low rates. Yet they constitute the bulk of the population dealt with by police, prosecutors and other criminal justice practitioners.[38]

Researchers have found that surprisingly few drug users go on to become addicts. For example, while 90 percent of first-time tobacco users become addicted, only 17 percent of first-time cocaine users become addicts. Of people who have used cocaine, just 9 percent continue to use the drug past the age of 25.[39] The assumption behind drug laws, however, is that even the casual user is more likely to commit crimes against persons or property than a non-drug user. Common sense and empirical evidence suggest that this is not the case.

Nevertheless, the War on Drugs goes on apace. New laws have increased the punishments for drug offenses and have begun to intensify supervision of drug trade by-products such as money laundering in order to get the problem under control. Some of these efforts, as discussed below, may be reducing drug use. But all of them transfer scarce police and criminal justice resources *away from* the apprehension and containment of violent criminals, and raise new dangers of corrupting law enforcement officers and other parts of the legal system. Has this been a good trade-off for the residents of Chicago? Or for the residents of Cabrini-Green specifically?

DRUG LAWS AND DRUG USE

The money and effort spent on the War on Drugs may not have been entirely wasted. Recreational drug consumption patterns have changed substantially in the past generation; smoking pot and snorting cocaine are no longer chic among middle class people, and by some measures, such as frequency of occasional drug use among suburban teenagers, the drug abuse problem is considerably smaller than it was ten or fifteen years ago. No one can be sure why this has happened. The simple, always-inscrutable changing of fashion probably had more to do with it than anything else. But the legal system surely deserves some credit in a supporting role.

But the drug abuse problem has not improved uniformly. By some measures, such as the absolute

amounts of illegal drugs consumed by the population or rates of addiction, the problem seems to be worse. Managing the drug problem through aggressive law enforcement and harsh punishment, though it may have done some good in some respects, has had an unforeseen and dangerous consequence. Where the drug problem has become worse rather than better is among the urban underclass.

This result was not at all the one predicted by the simple model of crime and punishment that most legislators, and members of the public generally, usually refer to when thinking about criminal law. According to this model, increasing the stringency of the legal environment should diminish the amount of drug trafficking.

It has not done so. Instead, the War on Drugs has created a new and lucrative market for dealing drugs, a market that has located itself primarily in low-income and minority urban neighborhoods. It draws young people into the drug zone with promises of fast money and instant success; it traps them in the zone by depriving them of critical years of education and skills acquisition and leaving many of them drug-dependent; and it eventually kills many of them there, victims of the increasingly violent battle between rival gangs seeking to dominate their illegal industry.

SOLUTIONS

The War on Drugs has created a new and lucrative market for dealing drugs, a market that has located itself primarily in low-income and minority urban neighborhoods.

Now that the drug problem is with us, the way out is far from obvious. There are many causes of violence within society other than harsh drug laws, and it is surely overly optimistic to expect that the sudden abolition of drug laws would lead to a swift decline in the rates of violence. Yet the connection between criminalization, violence, and the persistence of the underclass is difficult to doubt, and the case for reforming the laws compelling.

A series of twelve "principles for managing the drug problem" has been put forward by the Criminal Justice Policy Foundation, in Washington, D.C.,[40] that could serve as an outline for discussing drug law reform in Chicago. Brief summaries of those twelve principles follow:

1. *Insist upon genuine drug and alcohol user accountability and responsibility.* People who endanger others must be held responsible for their actions; drug or alcohol use is not an excuse for criminal or negligent conduct.

2. *Insist upon vendor accountability and responsibility.* Violence, corruption, adulteration, and violence by distributors of drugs should be investigated and punished. Vendors must comply with reasonable regulations and inspections.

3. *Adopt achievable social goals*, such as reducing the harms from drug and alcohol use and commerce, rather than impossible goals such as ending all use or addiction. Reducing crime, violence, corruption, and the spread of AIDS is more important than preventing drug use and intoxication.

4. *Be realistic.* Developing a regulated and policed drug market will not be easy or simple. It will

come about in parts, enacted by many different units and levels of government, and vary from one city or state to another.

5. *Be comprehensive among all drugs, now legal and illegal.* Early use of legal drugs, such as alcohol and tobacco, increases the likelihood of later experiments and addiction. Drug policies should recognize the linkages and apply uniformly to all drugs.

6. *Adopt a public health approach, not a criminal approach,* toward all drugs and all those with drug use or abuse problems. Information and persuasion have led millions of cigarette smokers to quit without jailing or urine-testing a single one of them.

7. *The purpose of drug policy is to help people, not hurt them.* People with drug problems need appropriate treatment, not prison sentences. We should punish people only when they hurt others, not when they hurt themselves.

The purpose of drug policy is to help people, not hurt them. People with drug problems need appropriate treatment, not prison sentences.

8. *Maximize the reach of the law and respect for the law.* Keep the tens of billions of dollars in annual profits away from organized crime. Give drug distributors access to courts of law to resolve their disagreements. Don't use drug laws to harass minorities, young people, or politically weak communities.

9. *Respect other peoples, other cultures, and other nations.* Use of some drugs is tolerated in different countries and by different cultural and religious groups. It is not right, and it is not our business, to impose a single attitude or policy toward drugs on other nations.

10. *Recognize that drugs are a major commodity in international trade.* This trade never has been, and cannot be, stopped by banning it.

11. *Be creative and flexible to meet our goals.* Recognize that different drugs are easier or more difficult to regulate, and more or less damaging. Tailor policies to the actual situation.

12. *Turn down the volume on all drug messages.* Anti-drug advertisements that exaggerate the threat of drugs diminish respect for the law and encourage experimentation. Pro-drug advertisements -- for alcohol and tobacco -- have become pervasive and ever-more seductive. Let's call a truce.

While the War on Drugs is de-escalated, the violent crime that threatens inner-city residents can be reduced by increasing the likelihood that violent criminals will be apprehended and punished. The literature on crime and corrections is quite clear that certainty of punishment, rather than the severity of the punishment itself, is the most effective crime deterrent.[41] The criminal justice resources freed up by ending the War on Drugs can be redeployed to ensure that persons who are menaces to others, rather than only to themselves, can be apprehended and placed behind bars.

Further restrictions on gun ownership, an idea that is much discussed by the newspapers and policymakers, is unlikely to reduce violent crime or increase the safety of inner-city residents. Tightening

gun control laws disarms only one side of the conflict: the law-abiding side. These citizens are already denied adequate police protection, as is revealed by the alarming murder rates at the projects and in the city's other poor neighborhoods. We should not take seriously suggestions that the way to achieve peace is to have one side armed to the teeth and the other side completely disarmed.

CONCLUSION

The War on Drugs put the rifle in the hands of the man who killed Dantrell Davis. To talk about ways to "stop the killing" without also talking about ending the War on Drugs is unproductive and dishonest.

The use of drugs tests the limits of our willingness to tolerate the self-destructive conduct of others. To date, we have failed this test by willingly confusing casual drug use with addiction, and drug use with non-drug crime. These linkages are weak and often nonexistent. Basing our nation's drug policies on such deceptions has inflicted great damage on our inner cities as well as our institutions of justice.

To talk about ways to "stop the killing" without also talking about ending the War on Drugs is unproductive and dishonest.

Ending the War on Drugs will not happen overnight. Many policies and attitudes must change. But in the long run, nothing short of an end to the war is necessary if the children of Cabrini-Green are to escape the fate of Dantrell Davis.

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5. Welfare

By Joseph L. Bast

Dantrell Davis lived in a community where welfare dependency has become a way of life. His mother depended on welfare; he lived in a public housing project occupied almost exclusively by people depending on welfare; he used food stamps to purchase food; he received his health care services through Medicaid. Every day of his life, Dantrell Davis was touched by welfare programs. And welfare programs, in the end, helped to create many of the conditions that led to Dantrell's death.

Every day of his life, Dantrell Davis was touched by welfare programs.

Initiated out of compassion for the plight of the poor, the modern welfare state has become a principal *cause* of poverty by shattering families, discouraging work, rewarding dysfunctional behavior, and penalizing entrepreneurial self-help. The verdict on the modern welfare state was rendered unanimously when President-elect Clinton added his voice to those of Republicans calling for "an end to welfare as we know it."[42]

When combined with a long list of legal and institutional barriers to affordable housing, quality education, and affordable health care, welfare programs place the final and biggest burden on those who would seek to live productive and independent lives. Children like Dantrell Davis cannot escape the grip of poverty if the nation's welfare system produces more, not fewer, poor people.

HOW WELFARE BREAKS UP FAMILIES AND DISCOURAGES WORK

In the U.S., the publication in 1965 of *The Negro Family: The Case for National Action* by Daniel P. Moynihan[43] is widely viewed as the beginning of the modern popular debate over the effects of welfare on families and workforce participation rates. William Julius Wilson's *The Declining Significance of Race*, published in 1978,[44] Charles Murray's *Losing Ground*, published in 1984,[45] and Lowell Gallaway and Richard Vedder's report to the Joint Economic Committee of Congress in 1986[46] stand out as major recent contributions to the debate.

Unlike earlier critics of welfare, these modern authors portray the poor as innocent victims but nevertheless rational actors caught in a web of distorted incentive structures created by the eligibility standards and practices of a complex social welfare system. For example, Charles Murray contends that family break-up and other behavior by welfare recipients are "rational responses to changes in the rules of the game of surviving and getting ahead. I will not argue that the responses were the right ones, only that they were rational." [47]

In his influential book, *Losing Ground*, Murray describes the incentives facing two fictional young couples, one living in 1960 and the other in 1970. Murray demonstrates that welfare policies in 1960 encouraged new mothers to marry or remain married, and new fathers to find employment. Changes in welfare policy by 1970 -- increased cash and in-kind benefits, provisions allowing mothers on AFDC

to keep some of their earned income, and court rulings that the presence of a man in the house of a single woman cannot be used as a reason to deny her benefits -- changed the calculations considerably. In 1970, having children out of wedlock was a more secure and highly rewarded route for the mother to pursue, and dropping in and out of the labor market so as to collect unemployment insurance had become the preferred route for the father. "In 1970," writes Murray, the mother's "child provides her with the economic insurance that a husband used to represent."[48]

The record since 1970 has been one of constantly increasing spending on welfare programs. For example, from 1980 to 1990 spending by federal, state, and local governments on 78 means-tested programs rose 26 percent in real terms.[49] Total welfare spending reached an all-time high of $210 billion in 1990.

Spending on 78 means-tested welfare programs rose 26 percent in real terms between 1980 and 1990, reaching an all-time high of $210 billion in 1990.

As a result of these spending increases, the incentives facing our fictional couple in 1990 are even more skewed away from marriage and work. Robert Rector, writing in 1992, estimates that current welfare benefits for a single mother amount to between $8,500 and $15,000 a year, depending on the state. "The mother has a contract with the government," writes Rector. "She will continue to receive her 'paycheck' as long as she fulfills two conditions: She must not work; and she must not marry an employed male."[50]

Under current welfare policies, a mother living in an average state would have to work a job paying $11,000 a year ($5.50 an hour) *and* providing full medical coverage to earn as much as she receives from welfare. Even if she could find a job paying $14,000 a year, her annual after-tax income would increase just $2,500 . . . for working 2,000 hours. The poor are subjected to an effective marginal tax rate of more than 80 percent, the highest tax rate of all Americans! Rather than marry and risk losing eligibility for AFDC, this mother will do as millions of women on AFDC have done: remain single, or live with a succession of "common law" spouses.

The devastating effects of welfare on families and work have been well documented. Only 3 percent of female-headed families in the bottom fifth of the income distribution have a year-round, full-time worker.[51] Nearly half of all female-headed households in America have incomes below the poverty line. Researchers at the University of Washington have found that an increase of roughly $200 per month in welfare benefits per families correlates with a 150 percent increase in the teenage illegitimate birth rate for a state.[52] Similarly, research by Robert Hutchens of Cornell University shows that a 10 percent increase in AFDC benefits in a state corresponds with a decrease in the marriage rate of all single mothers in the state by 8 percent.[53]

Extensive empirical research by Dr. Lowell Gallaway and Dr. Richard Vedder, distinguished professors of economics at Ohio University, suggests that higher welfare benefits increase the number of people living in poverty. They have documented a close positive relationship between AFDC benefit levels and the proportion of the public living in poverty, finding that an additional 5.7 million people, including 2.5 million dependent children, lived in poverty in 1984 because of the disincentive effects of high welfare benefits. They estimate that 12 percent of AFDC recipients in the Midwest would not be living in poverty if welfare benefit levels had not increased at a faster rate than benefits in contiguous states. [54]

As a result of broken families and unemployment, welfare dependency has grown. Dr. David Ellwood of Harvard University has shown that the overwhelming majority of single mothers receiving AFDC at any time are long-term dependents. Sixty-five percent of mothers currently on AFDC will stay on for over eight years; 83 percent will receive AFDC for over five years. Only 7 percent will receive welfare for less than two years.[55]

HOW WELFARE DESTROYS COMMUNITIES

Welfare programs, by routinely bypassing neighborhood institutions, have contributed to the institutions' decline and thus the decline of neighborhoods themselves. According to social policy researchers Diane Kallenback and Arthur Lyons,

> Neighborhood economies are largely bypassed because the service and commodity sectors are overwhelmingly controlled by big institutions, investors who do not live in poor neighborhoods, and trained professionals. Thus, most government money is routed to these groups, without ever stopping to enrich the communities where poor people live. When public money does go to local organizations that hire local residents, its uses are often severely restricted, so the organizations cannot diversify their activities. New businesses, perhaps even operated by poor people, are difficult or impossible to open and then to maintain in neighborhoods where the poverty system is dominant. [56]

A growing number of African-Americans as well as nonminority intellectuals and policy experts are calling attention to the detrimental effects of public aid programs on local communities.

Traditional ways of improving a person's income and status are by working in local stores and businesses, and eventually assuming ownership of them as the current owners retire or move to more attractive communities. In this way generations of immigrants have moved from renter to landlord and from clerk to CEO and investor.

Today, these routes are often closed because local housing is government owned and food and various services come from government sources managed and staffed by people who usually live outside the community. When community members *are* employed, their mobility upward will often mean leaving the community to work in the government's district, state, or even national offices.

A growing number of African-Americans as well as nonminority intellectuals and policy experts are calling attention to the detrimental effects of public aid programs on local communities.[57] Many of these experts call for an end to programs that place much of the dollars spent in the hands of a "social welfare complex" that stifles self-help and the growth of indigenous businesses and voluntary institutions. There is less agreement, however, on what sorts of policies should replace current programs.

DO WE NEED TO SPEND MORE ON PUBLIC AID?

Funding of welfare and human services in Illinois is provided by federal, state, county, and local governments. Federal funds flow directly to state, county, and local units of government, and sometimes

directly to quasi-independent or private service agencies. In 1990, the Illinois Department of Public Aid had appropriations of over $3.9 billion. In 1987, the state ranked 17th in per-capita state and local spending on public welfare programs and 20th in welfare spending per $1,000 of personal income.

Other agencies of state government spent an additional $2 billion in 1990 on health and human services. Billions more were spent by federal, county, and local governments. A 1989 study of government spending on poverty programs in *one year* (1984) in *Cook County alone* estimated that $4.8 billion was spent. Divided by the number of people thought to be living in poverty in Cook County, this estimate produces a per-person spending average of $6,209, or over $18,600 per year for a family of three. *The official poverty line for a family of three in 1984 was less than half this amount, $8,277!*

On top of this spending of public funds comes the voluntary efforts of thousands of private associations that provide aid to the poor, handicapped, and elderly. These organizations range from churches, service groups (such as Rotary and Kiwanis clubs), and small nonprofit service and educational organizations, to much larger and more visible institutions such as Goodwill, United Way, and city community trusts. United Way alone raised over $2.3 billion in 1985. Total giving to charitable organizations in 1989 was $114.7 billion, though this included gifts to civic and arts organizations.

If we cannot design programs that help the poor more than they hurt them, why not refrain from such efforts altogether?

In addition to nonprofit organizations, thousands of for-profit businesses provide goods and services to the poor, elderly, and handicapped. These firms are often located in poor neighborhoods and must cope with high crime rates and competition from "free" goods and services provided by government and charitable organizations. The fact that the poor are willing to pay for these goods and services is a clear sign of their value, even though they rarely appear in descriptions of services available to the poor.

Would spending even more on welfare programs help lift people out of poverty? The record indicates that the answer is plainly "no." Taxpayers and philanthropists already spend several times as much as should be needed to lift every poor person out of poverty. *The problem is that the more money that is spent, the larger the number of poor persons who seek aid.* The higher benefit levels are lifted, the less likely welfare recipients are to enter the workforce.

WELFARE REFORM

Charles Murray proposes, as a "thought experiment," "scrapping the entire federal welfare and income-support structure for working-aged persons, including AFDC, Medicaid, Food Stamps, Unemployment Insurance, Workers' Compensation, subsidized housing, disability insurance, and the rest. It would leave the working-aged person no recourse whatsoever except the job market, family members, friends, and public or private locally funded services."[58]

This is radical advice, to be sure. But we should follow Dr. Murray's lead by giving serious consideration to a real, not just rhetorical, break with the failed policies of the past. If we cannot design programs that help the poor more than they hurt them, why not refrain from such efforts altogether?

There is a much more successful network of *private* aid services operated by charities, churches, and even for-profit businesses that help the poor without causing dependency or destroying families. Why not allow individuals to fund these charities voluntarily from monies no longer taxed away to finance unsuccessful public welfare programs?

The record shows that we cannot give money to the unemployed without at the same time "paying them not to work." Neither can we give assistance to needy single mothers without at the same time encouraging other single mothers to remain unmarried and married women to leave their spouses. Why should we not finally acknowledge the dilemma underlying all such efforts and call an end to public welfare?

Dr. Murray anticipated that few political leaders would publicly support his radical solution. "The number of 'politically feasible' changes that would also make much difference," he wrote, "is approximately zero."[59] The current author is more optimistic. Here are reforms that fall short of Murray's solution but which nonetheless would help some families escape poverty and become productive members of society.

Reduce welfare benefits for single mothers on AFDC. Mothers on AFDC receive a combined package of benefits that actually exceeds the poverty level and leaves most beneficiaries much better off than if they worked or married the fathers of their children. This is unfair to poor working families and, as we have seen, has the unintended consequence of discouraging marriage and work.

Some people depend on welfare because other public policies have barred them from entry into the workforce, or have artificially inflated the cost of housing.

Replace many forms of welfare with vouchers. Replacing public housing with housing vouchers would take many poor families out of environments where welfare dependency has become a multi-generational way of life. Replacing Medicaid with vouchers for all low-income families would remove one of the "perks" of being on welfare that is now denied the working poor. Giving poor families education vouchers would enable their children to attend classes with the children of middle- and upper-income children, giving them role models and higher aspirations for the future. In each case, private businesses and institutions in poor neighborhoods would benefit from the millions of dollars now going to public social service agencies.

Require able-bodied welfare recipients to work or finish school. Liberals, conservatives, and libertarians have come to agree that welfare, when it is offered, should be part of a social contract with the beneficiary that imposes an obligation to work. Mothers with pre-school children could be exempted from work requirements unless they have received AFDC benefits for longer than five years. Robert Rector estimates that such a policy would require roughly 50 percent of mothers on AFDC to work, compared to just 6 percent now in the workforce.[60]

Remove barriers to employment and the construction of moderately priced housing. Some people depend on welfare because other public policies have barred them from entry into the workforce, or have artificially inflated the cost of housing. Welfare dependency could thus be reduced by repealing unnecessary occupational licensing laws in such areas as hair styling, nursing, nutritional counseling, and alternative health care. Expand the mobility of the poor by deregulating

taxicabs, jitneys, and subscription bus services. Revise Chicago's housing code and stop the politicization of zoning laws, and in these ways encourage the renovation of existing housing stock and the building of new low-income housing.

CONCLUSION

Advocates for higher welfare benefit levels and more lenient eligibility standards have long claimed to be more "compassionate" than those who warned that such policies did more damage than good. But thirty years of basing public policy on such claims have produced more, not less, poverty. Generations of people now have little hope or interest in joining mainstream America. In the name of compassion, policymakers have created neighborhoods like that of Cabrini-Green, where children like Dantrell Davis are born to broken families, grow up with few positive role models, and too often die at very young ages.

If outrage over the killing of Dantrell Davis helps fuel a movement to reform welfare policies, then perhaps he will not have died in vain.

If outrage over the killing of Dantrell Davis helps to fuel a movement to reform welfare policies that trap millions of other children around the country, then perhaps he will not have died in vain. But what a tragedy it is that the price of changing public policy should be so high, and that Dantrell Davis will not be alive to witness the changes he helped bring about.

ABOUT THE AUTHOR

Joseph L. Bast is president of The Heartland Institute, a nonprofit and nonpartisan center for public policy research with offices in six Midwest cities. He is also the author or editor of four books on state and local public policy issues.

6. Jobs

By Robert J. Genetski, Ph.D.

Table 1
Rate of Employment Growth
in Illinois vs. U.S.
1969-1991

Year	Illinois %	U.S. %	Diff
1969	2.1	3.7	(1.5)
70	-0.5	0.7	(1.2)
71	-1.3	0.5	(1.8)
72	0.4	3.5	(3.0)
73	3.5	4.2	(0.7)
74	1.8	1.9	(0.2)
75	-2.8	-1.7	(1.1)
76	3.3	3.2	0.1
77	2.0	3.9	(1.9)
78	2.9	5.1	(2.3)
79	1.9	3.6	(1.7)
80	-0.6	0.6	(1.3)
81	-2.4	0.8	(3.3)
82	-2.9	-1.7	(1.2)
83	-1.4	0.7	(2.1)
84	3.1	4.8	(1.6)
85	1.8	3.2	(1.4)
86	0.7	2.1	(1.3)
87	2.2	2.8	(0.6)
88	2.5	3.6	(1.2)
89	4.4	2.9	1.5
90	-0.1	-0.5	0.4
91	-0.9	-1.0	0.1

Dantrell Davis was killed in a community with low income levels and high unemployment. Statistics and practical experience confirm that violence, gang activity, and drug dealing are all much more common in poor communities where jobs are scarce than in prosperous communities where income and jobs are more plentiful.

Would Dantrell Davis still be alive today if the residents of his neighborhood were better off? Would the sniper who killed him have even owned a gun or used it on that fateful day if he was gainfully employed? These questions are worth pondering when we consider that a substantial part of poverty and unemployment in Illinois is the result of public policies that could be changed.

1.7 MILLION LOST JOBS

Prior to 1989, Illinois consistently created jobs at a slower rate than the rest of the nation.[61] During a twenty-year period, Illinois created jobs faster than the rest of the nation just one year, 1976. The good news is that Illinois outperformed the rest of the nation in each of the last three years. Table 1 on the next page shows the annual rate of change in the number of jobs in Illinois and the nation as a whole, and the difference between the two rates.

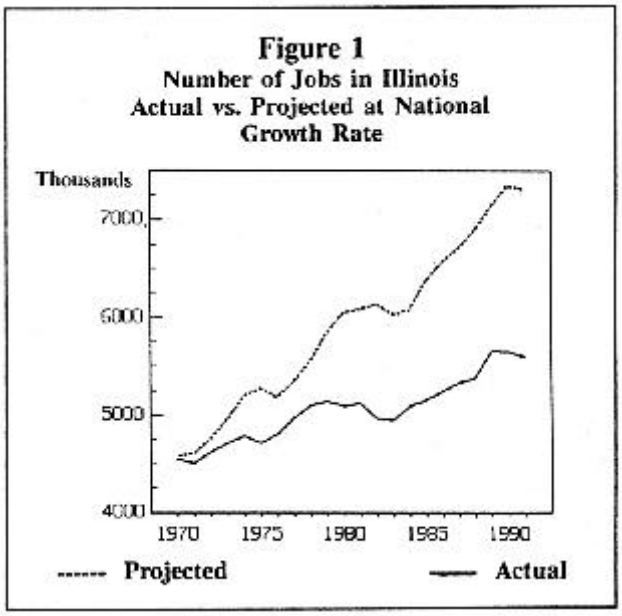
Year after year of failing to create jobs at the pace of the rest of the nation created a large gap between the number of jobs that *actually exist* in Illinois and the number that *would have existed* in the state had we only grown at the national average rate. Figure 1 shows how the gap has steadily grown over the years. In 1991, the gap was 1.7 million jobs.

Had Illinois only matched the national rate of job increase during the past twenty years, there would be 1.7 million more jobs in the state today than there actually are. This job bonanza, combined with some of the other reforms advocated by other contributors to this report, would have helped reduce the state's poverty rate, which instead rose during this period. Some new jobs would have reached the residents of Cabrini-Green or helped people avoid having to live at Cabrini-Green.

The 1.7 million jobs would have been accompanied by a staggering $79 billion in personal income in 1991, if the ratio of personal income to the number of jobs in Illinois had stayed the same during this

period. Can you imagine how different Illinois would be today if an additional $79 billion of income was available to the state's residents?

ILLINOIS' TAX BURDEN



Why did job creation occur so much more slowly in Illinois than in other states? There are many factors that explain the dynamic process of job creation and destruction. Some of them are difficult to quantify, such as the role of entrepreneurship and the very subjective judgments of investors and consumers. Luckily, we do not need to fully understand all these different influences in order to estimate how public policies in Illinois have influenced job creation.

What happened during the twenty years between 1970 and 1990 that can plausibly be linked to job creation in Illinois? Many of the events that come to mind -- foreign competition, oil price shocks, technological change, demographic change, and so forth -- have affected most other states in a fashion similar to Illinois. The composition of Illinois' economy -- that is, the shares of total employment devoted to agriculture, manufacturing, finance, and so on -- is remarkably similar to that of the rest of the nation, suggesting that the effect of external influences should have been about the same as their effect on the nation as a whole.[62]

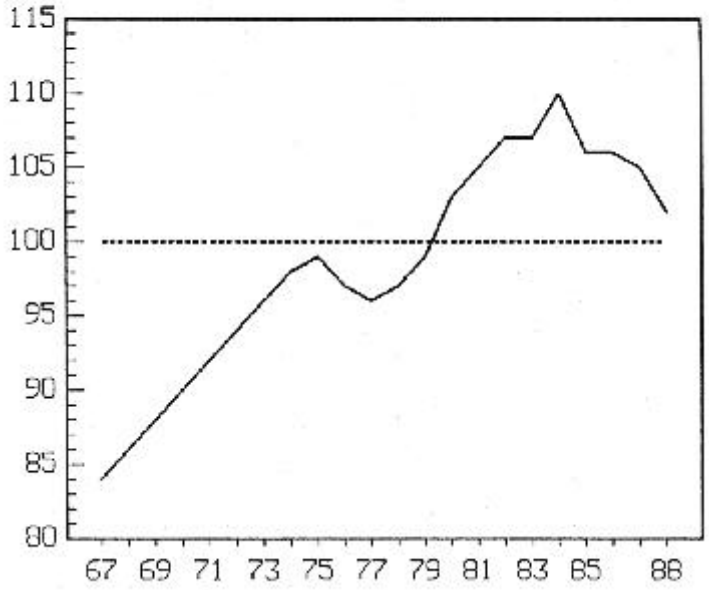
Illinois does stand out from the rest of the nation during this period in one important way: The state's total tax burden relative to other states rose dramatically from 1970 to 1984, and today is still higher than most other states. Relative tax burden affects economic growth by making businesses less competitive with businesses in other, lower-tax states. High taxes reduce the level of profits from which businesses can make new, job-creating investments. And rising taxes signal potential investors that Illinois is not a safe place in which to make long-term capital investments.

What evidence is there that taxes in Illinois have increased since 1970? Apologists for higher taxes attempt to portray Illinois as a low-tax state. They focus only on the state's income tax and claim its rate is lower than many other states, or they focus only on state tax revenues and neglect to mention our high property taxes. Often, they compare us to states, such as Alaska, Colorado, and Montana, where taxes on individuals are kept low only because taxes are high on oil, natural gas, and other natural resources.

The *proper* way to compare tax burdens is to count both state and local taxes, take into account differences in the wealth of taxpayers in different states, and remove the influence of such things as natural resources that can skew interstate comparisons. Such a measure is produced by the Advisory Commission on Intergovernmental Relations (ACIR), a bipartisan body created by Congress in 1959 to address issues of local, state, and federal governance.[63] A graphical representation of its findings for Illinois appears in Figure 2 below.

According to ACIR, Illinois' total "tax effort" was below that of the rest of the nation every year prior to 1980. In 1980, the state's tax effort jumped to 103 percent of the national average and then rose each year until 1984, when the state's tax effort stood at 110 percent, the ninth highest tax level in the nation. Since 1984, the state's tax burden has drifted slightly downward, to 102 percent in 1988, 14th highest in the nation.

Figure 2
Illinois Tax Burden Relative to Nation
1970-1978



TAXES AND ECONOMIC GROWTH

Is it merely a coincidence that Illinois lagged behind the rest of the nation when our tax burden was rising relative to other states, and has pulled ahead since our tax burden has begun to fall? Or is tax burden the factor that explains why Illinois' job creation rate differs from the rest of the nation?

The relationship between taxes and economic growth has been studied by a score of independent scholars and researchers. For example:

- Victor A. Canto and Robert J. Webb found in 1983 that growth in state personal income was negatively related to change in state and local taxes.[64]

- Carl E. Ferguson, Jr., in 1985 found employment and real per-capita personal income were negatively related to increases in state and local taxes.[65]

- Jay L. Helms in 1985 found that states with relatively high state and local taxes experience slower overall economic growth.[66]

- Thomas R. Plaut and Joseph E. Pluta in 1983 found that a state's tax effort was negatively related to growth in manufacturing employment.[67]

- Walter S. Misiolek and Carl E. Ferguson, Jr., in 1988 found change in total state-only tax burden to be negatively related to a state's overall economic growth and for income and employment growth in each of nine subsectors of the states' economies.[68]

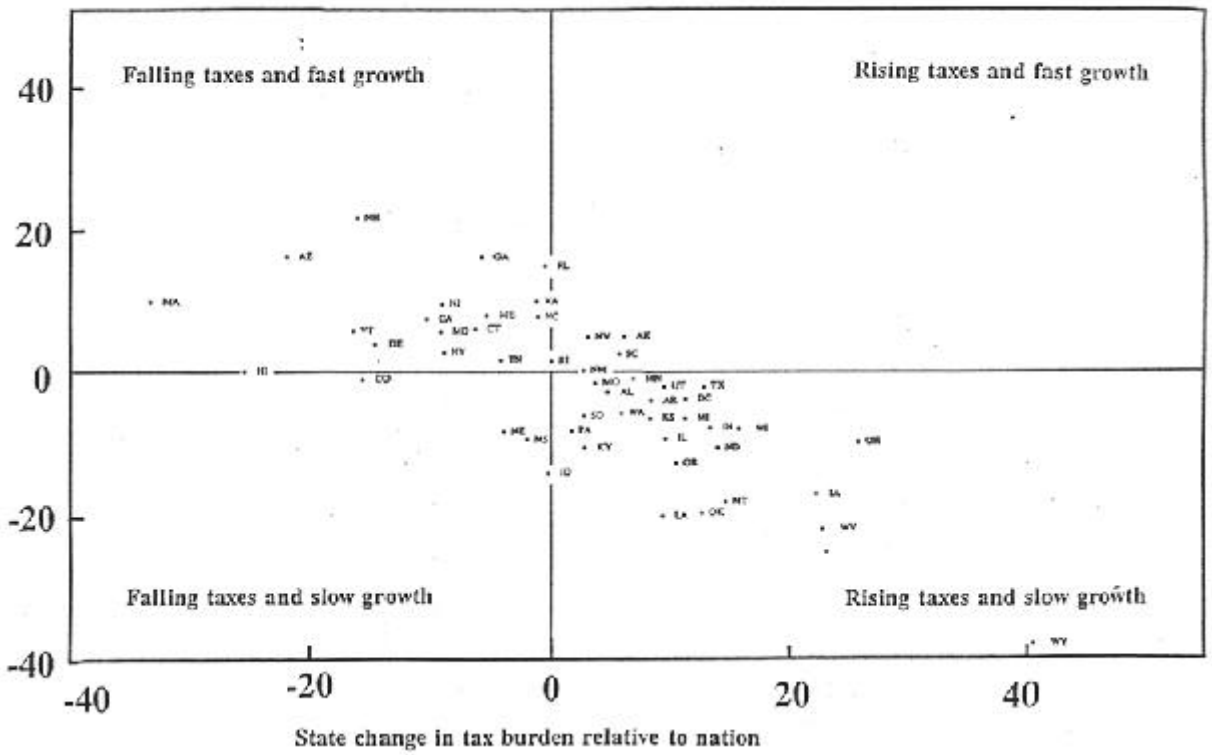
- Gerald W. Scully in 1991 found that "an increase in a state's own tax rate relative to the rates in all others slows the rate of economic growth in 45 of 49 states."[69]

- Michael Wasylenko and Therese McGuire in 1985 found that state taxes as a percent of personal income were negatively related to overall employment growth.[70]

In 1990, John Skorburg and this author tested the relationship between taxes and economic growth using tax effort indices for all fifty states and the District of Columbia from 1975 to 1986 and personal income data for each year from 1975 to 1987. When the states were plotted on a chart with *change in personal income* on the vertical axis and *change in relative tax burden* on the horizontal axis, we found nearly all the states that raised their taxes relative to the national average experienced slower-than-average growth, while nearly every state that lowered its relative tax burden experienced above-average economic growth. The "scatter diagram" in Figure 3 shows our findings.

There is strong evidence that, thanks to Governor Jim Edgar's budget cuts and strong stand against tax increases during the past two years, Illinois' tax burden is finally returning to the levels of other

Figure 3
Taxes and Economic Growth, 1980 - 1987



states with which we compete for jobs. ACIR's preliminary estimates for 1991 place Illinois' tax effort below the national average for the first time in over ten years. This is good news for every taxpayer and every businessperson in the state because it means we are well positioned for economic growth during the coming months.

OTHER BARRIERS TO JOB CREATION

Besides Illinois' tax policies, there are other barriers to employment faced by the poor that are the unintended results of public policies. Several policies meriting particular attention are minimum wage laws, licensing laws, restricted mobility caused by public transit monopolies, and the nation's Social

Security system.

Minimum wage laws mandate that a higher wage be paid, but such laws cannot mandate that a worker's productivity similarly increase. Since, in the long term, wages will tend to equal the value of the marginal product (the last unit of production) of the worker, minimum wage laws make it illegal to hire someone whose marginal product is of a value below the minimum wage. The poor tend to be poor because of their lower productivity, so they are the most hurt by minimum wage laws.[71]

There is evidence that minimum wage laws also encourage racial and sexual discrimination because they ban price competition among applicants for entry-level positions.[72] Since the employer must pay the same rate to all applicants, he or she is free to indulge prejudices in selecting applicants. There has long been broad agreement among economists that minimum wage laws hurt rather than help minorities and the poor. In recent years that agreement has spread to other disinterested groups. Even the *New York Times* has editorialized in favor of abolishing the minimum wage.

Licensing laws hurt the poor by excluding them from certain professions that would otherwise require very modest investments of capital. Such professions include beauticians, barbers, nurse assistants, and taxicab drivers. Licensing laws also raise the cost of these services by restricting competition and supply.[73]

Many workers now pay more in Social Security taxes than they pay in income taxes.

Public mass transit monopolies aggravate the poverty problem by artificially raising the price and lowering the availability of transportation to potential workplaces.[74] In Chicago, until recently, the number of taxicabs allowed by the city was fixed at the same number as was allowed in 1968. As the city has grown in population and geographic reach, its supply of taxicabs has been artificially constrained. Low-income neighborhoods are the first to lose taxicab service when the supply of taxicabs is limited. Also in Chicago, it is illegal to operate private bus or van services on routes served by public buses. Private service was only recently legalized on routes *not* served by public buses.

Privatizing Social Security, as has been done in Chile, would greatly encourage work and saving.[75] Many U.S. workers now pay more in Social Security taxes than they pay in income taxes. At 15 percent of gross pay, the combined employer and employee "contributions" to Social Security discourage some people from even accepting low-paying jobs, and others work in the black market to avoid the tax. Because money paid into Social Security is not assigned or credited to specific individuals, the typical worker takes no pride in his past contributions and cannot be blamed for being skeptical that money will be available for his or her retirement.

If individuals were permitted to deposit funds in their own *personal retirement accounts* (IRAs) in lieu of paying Social Security taxes, many workers would accumulate large amounts of funds for their retirements. In fact, under such a system, *low-income workers* could easily accumulate three-quarters of a million dollars by the time they retire. Workers who earn an average of $20,000 a year during their lives and 6 percent interest on their IRAs would retire with $770,000 in their accounts under a privatized system. Such a system would enhance the attractiveness of legitimate work while discouraging participation in illegal activities.

HOW TO CREATE MORE JOBS

What if Illinois was a full-employment state? Had the sniper who took Dantrell Davis' life been gainfully employed, would he have been perched in a vacant unit in Cabrini-Green competing for drug dollars and turf? Would life have been better for Dantrell Davis? Would he even have been killed?

Questions like these convince us of the importance of taking action to reduce unnecessary unemployment in Illinois. We know a lot about how to create more jobs based on experience in Illinois and around the country. Here are some of the principal public policy changes that would contribute most to creating more jobs in Illinois:

Had the sniper who took Dantrell Davis' life been gainfully employed, would he have been perched in a vacant unit in Cabrini-Green competing for drug dollars and turf?

- **Reform property taxes.** Cap local property tax increases, reform the property tax assessment procedures to make them more uniform, and simplify the process so taxpayers know who is taxing them, for what services, and in what amounts. To help communities cope with the caps, repeal unfunded state mandates.

- **Oppose efforts to increase the state income tax or to make it more "progressive."** Illinois' personal and corporate income taxes were increased only two years ago, and are already high enough to have slowed Illinois' economic recovery. Raising income taxes even higher will destroy more jobs.
- **Oppose passage of new taxes or increases in existing state taxes.** In recent years, Illinois has seen new taxes imposed on a wide range of goods and services, including computer software and telephone messages. This is essentially a shell game that can confuse but not fool taxpayers. The fundamental issue is *total* tax burden, not only one or two tax rates.

- **Support passage of the Tax Freedom Act.** In January, 1993, the Tax Freedom Act will be introduced in the Illinois state legislature. The Act would roll-back property, local, and user taxes to 1988 levels or freeze them at current levels, whichever is lower. The Act also would require referenda for any increases in property taxes levies. Finally, the Act would change the two dates a year property taxes are paid to match the primary and general election dates.

- **Repeal occupational licensing laws** and anti-competitive common carrier regulations. Work to repeal unnecessary occupational licensing laws in such areas where people with little capital could start their own businesses. Create new job opportunities and expand the mobility of the poor by deregulating taxicabs, jitneys, and subscription bus services.

- **Press for privatization of Social Security.** Replacing Social Security with a private retirement system would increase work and saving while making the retirement of the next generation more financially secure. Legislators from Illinois should be at the forefront of efforts to reform Social Security, since the job-creating stimulus it would provide would especially benefit Chicago and its surrounding suburbs.

CONCLUSION

Politicians enjoy promising "jobs, jobs, jobs" during their campaigns for office. Amid all the rhetoric, it is sometimes difficult to understand how jobs are created and how important they are to our communities. Dantrell Davis' murder brings us back to these questions and gives us reason to find answers.

Illinois lost 1.7 million jobs to other states because of its slow economic growth during the 1970s and 1980s. With these jobs have gone billions of dollars in personal income, income that could have helped rebuild our city's infrastructure, housing stock, schools, and other vital institutions. A principal cause of this loss of income was Illinois' rapidly rising tax burden. Other causes were regulatory policies that inhibited business start-ups and expansion.

By putting the brakes on state tax increases, Governor Edgar can take some credit for the state's exceptionally good job creation record for the past two years.

Governor Jim Edgar is showing promise as a political leader who understands the connection between taxes and economic growth. By putting the brakes on state tax increases, he can take some credit for the state's exceptionally good job creation record for the past two years. If he can resist the calls for future tax increases, Illinois may be on the road to greater prosperity.

The coming economic prosperity will arrive too late to save Dantrell Davis. But perhaps it will save the lives of other innocent children whose neighborhoods will be safer and whose futures will be made more bright.

ABOUT THE AUTHOR

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7. Afterword

By Randy E. Barnett

The recent focus on violence in Chicago, and in the city's public housing projects in particular, provides an occasion to reconsider a wide range of city, state, and national urban development policies. The essays in this collection show that many of these policies failed to achieve their ends, and they point the way toward a more promising direction or paradigm.

"Urban renewal," as it was called in the '60s and '70s, was a good idea that received a bad reputation from its close association with top-down, command-and-control government efforts. These efforts often did more to destroy than to renew urban neighborhoods. We are still feeling the harsh effects of these misconceived efforts.

Urban renewal failed because it disregarded the basic principles that must motivate any effort at urban reform and public policy-making generally.

These measures did not fail for lack of "resources." They failed because they disregarded the basic principles that must animate any effort at urban reform and public policy-making generally. In particular, they failed to come to grips with the two most pervasive social problems every society faces: the problems of *knowledge* and *interest*.

The **problem of knowledge** is two-fold. One part of the problem is that so much information in society is known only to individual actors. How can individuals and associations make use of the knowledge they possess as to how they may best live their lives? Only they really can know what they want out of life and the opportunities and constraints that they confront. While an "expert" may know a lot about nutrition and health care, the most well-meaning of bureaucrats simply cannot know what a mother knows of the particular needs of her children and herself and the unique opportunities she may have to satisfy these needs.

The second part of the knowledge problem is the unavoidable ignorance of policy makers. Policy makers must necessarily have a pervasive ignorance about the needs, desires, abilities, and opportunities of others. Policy planners are almost always operating in the dark. They simply cannot know what they would need to know to assure us that any policy they promote will do more good than harm. Consequently, the road to urban renewal is littered with unintended consequences.

The **problem of interest** is three-fold. It includes the *partiality problem*: Interest groups, such as public school teachers, who believe they directly benefit from government policies, tend to be partial to the continuation of these policies, even in the face of clear evidence of failure. They have a vested interest -- sometimes emotional, sometimes financial -- in continuing government programs long after they have proven to be ineffectual and even counterproductive. Social "experiments" such as massive public housing projects serve the interests of powerful constituencies, and thus are never declared failures.

Another problem of interest is the *incentive problem*. Even people with freedom to act as they please will not do so in a constructive way if they fear that the benefits of their efforts will be confiscated. This is a well-known pitfall of traditional welfare programs that penalize savings, employment, and families with fathers. If a single mother loses generous welfare benefits after she gets even a low-paying job, what incentive has she to become gainfully employed?

Even people with freedom to act as they please will not do so in a constructive way if they fear that the benefits of their efforts will be confiscated.

Finally, there is the *compliance problem* -- that is, the problem of bringing a person's self-interest into line with the rights of others. To the degree that crime pays, we will have more criminals. The challenge is to develop public policies that discourage individual behavior that violates the rights of others.

Each of the proposals presented in this study attempts to address the problems of the inner city while coming to grips with these pervasive problems of knowledge and interest. For example, **home ownership** (or the private ownership of apartment buildings -- especially of smaller buildings) enables persons to use their own knowledge to exclude from their property undesirable persons *before* violent crime or vandalism is committed. More extensive private property ownership -- rather than more fearsome punishments -- is the way to achieve genuine crime *prevention*. Moreover, ownership of houses and apartments creates powerful incentives to maintain one's property.

The overwhelming majority of inner-city parents know far better and care far more than outsiders about the educational needs of their children. They lack meaningful **educational choice**, not knowledge or interest. More is revealed than is intended by the charge that school choice would destroy public schools: Such a charge admits that, if given a choice, inner-city parents will refuse to tolerate the conditions now forced on them by the public schools. This is hardly evidence of the parental indifference or ignorance we hear so much about.

The inflated prices and profits created by **drug prohibition** create enormous incentives for criminal activity among the urban poor as well as corruption among urban police. The violent control of the drug trade created by prohibition was the reason why the shot that killed Dantrell Davis was fired. When was the last time someone was shot trying to control commerce in alcohol or tobacco? A litmus test of the seriousness of any urban reform agenda is whether it includes, as one of its highest priorities, the end of drug prohibition. Without this step all others are futile.

The problems of knowledge and interest are nowhere better illustrated than in current policies concerning welfare and jobs. Money for **welfare** should go directly to the needy to use as they see fit, not to armies of bureaucrats who presume to know better what their "clients" need. And incentives to provide **jobs** for everyone, including the unskilled, must not be sapped by tax policies that drain the financial rewards away from those who have put their knowledge to use to start and manage successful businesses.

Urban policies that ignore these first principles are destined not only to be ineffective; they will do positive harm. Urban "experts" have spent the better part of my lifetime pursuing such policies, and as a result we continue to witness urban deterioration.

When I was young, the good faith of anyone who raised concerns about the wisdom of these policies was questioned. The situation has now reversed. We have reason to question the good faith of those who so ardently and vehemently cling to the past and refuse even to discuss, much less consider, any radical alternative. Why not give the policies recommended in the preceding pages a chance?

No one suggests that any of these proposals is a "panacea" (another hoary straw-man argument used by defenders of the past). But how can they possibly do worse than the *status quo*? To the contrary, by respecting first principles, these policies cannot help but make things better.

Urban policies that ignore these first principles are destined not only to be ineffective; they will do positive harm.

ABOUT THE AUTHOR

Randy Barnett is visiting professor of law at Harvard University and the Norman and Edna Freehling Scholar at Illinois Institute of Technology, Chicago-Kent College of Law. He is the editor of two books, *Assessing the Criminal: Restitution, Retribution, and the Legal Process* (1977), and *The Rights Retained by the People - Vol. 1: The History and Meaning of the Ninth Amendment* (1989). Volume 2 of *The Rights Retained by the People*, subtitled *Constitutional Interpretation and the Ninth Amendment*, is forthcoming.

Endnotes

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