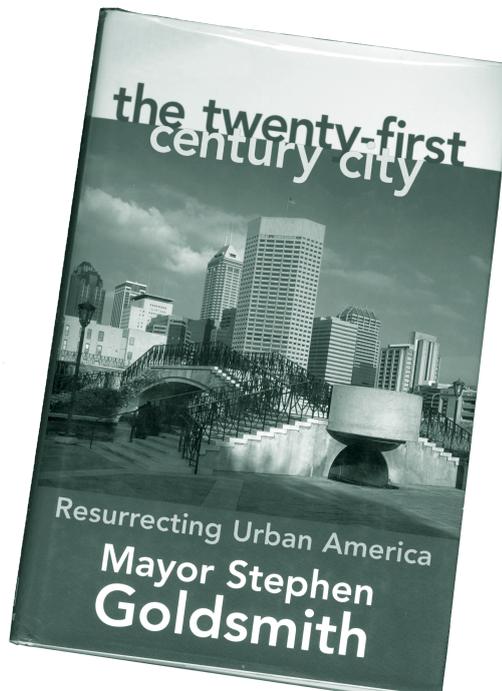




NEW FRONTIERS

Issue 2 May 2003

This CDE series is aimed at providing South African decision-makers with concise accounts of new developments in public policy



CREATING URBAN CITIZENS

**Stephen Goldsmith and America's
new urbanism in the city of Indianapolis**

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The views expressed in this publication are not necessarily those of CDE.

'The difference between somewhat better and somewhat worse'

From 1992 onwards Stephen Goldsmith served as mayor of Indianapolis, Indiana, for the maximum permissible term of eight years. Under his leadership, the city – the 12th largest in the United States – experienced a remarkable revival. Goldsmith eliminated city deficits, enhanced services, rebuilt infrastructure, revitalised neighbourhoods, attracted new businesses, created jobs, and reduced crime – all of it while cutting taxes.

Goldsmith is one of a group of mayors who, in the late 1980s and throughout the 1990s, applied what has been dubbed a 'new urban paradigm' in order to arrest the decay that had manifested itself in many American cities (see *CDE New Frontiers issue 1*). Others are the now famous Rudolph Giuliani of New York; Jerry Brown, once governor of California and now mayor of Oakland, California; Richard Daly of Chicago; Edward Rendell of Philadelphia; and Richard Riordan of Los Angeles.

They all took office with a specific mission: to reverse the negative urban trends that had begun in the 1960s, and worsened further during the 1970s and early 1980s. They have achieved varying degrees of success. Because their efforts have been based on similar perceptions of what was wrong and similar convictions about how urban life could be improved, they are widely portrayed as members of a movement. But most of them, and certainly Goldsmith, are more modest, at least when they talk about where they began. In his book *The twenty-first century city: resurrecting urban America* (1997), Goldsmith comments as follows:

The easy stuff will not turn a city around tomorrow, but it is a start. As a wise man once said, 'the greatest difference in the world is the difference between somewhat better and somewhat worse.'¹

The 'easy stuff' he refers to was a successful programme to persuade a private company to pay the city of Indianapolis for the right to remove and sell abandoned vehicles. Until then it had cost the city \$174 000 a year to dispose of 900 vehicles. The private company removed 2 300 vehicles in the first year, and paid the city \$250 000 – a net saving of \$424 000 a year to the city. But to Goldsmith it was equally important that the programme met a major concern of people in the inner city. He notes: 'Police officers tell me it was common for residents to stand on their porches and applaud when some of these vehicles were eventually hauled away.'² These tiny seeds of optimism were then nurtured into

***'The easy stuff
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effective community organisations, and a renewed sense of responsibility for the urban environment among the city's residents. Simply shifting the balance from being 'somewhat worse' to being 'somewhat better' in respect of derelict vehicles provided the leverage for more significant improvements. This kind of pragmatism and attention to detail characterised the early efforts of all these mayors.

This review examines several dimensions of Goldsmith's work and thought. However, three elements of the new urban paradigm – welfare, education, and crime prevention – are not dealt with in detail, as Goldsmith largely followed the lead of other thinkers and mayors in these areas (see *CDE New Frontiers issue 1*).

From the 'war on poverty' to a war on communities

The recent history of American cities underline the fact that urban areas are not 'natural' environments – they are environments built by humans in terms of policies formulated by humans. In line with this, poorly functioning urban environments are usually the unexpected outcomes of well-intentioned or mistaken policies of the past that were based on incorrect understandings or inadequate theories, or have simply been overtaken by events. Thus Goldsmith writes:

For 200 years, America built great cities. People flocked to cities because they were places of limitless opportunity. Despite pockets of poverty, and even slums, many urban neighbourhoods were home to vibrant civic organisations and com-

Indianapolis, Indiana

Established in 1821, the city of Indianapolis has a population of about 790 000 people, consisting of 540 000 white and 200 000 African Americans, and a small number of members of other groups. It forms the hub of a metropolitan area of 1.6 million people. A unique form of metropolitan government known as Uni-gov runs this city–county area.

Indianapolis is the capital of Indiana and seat of government of Marion County, lying along both sides of the White River. It is a carefully planned radial city, similar in design to Washington DC. The

local economy was originally agricultural, centred especially on maize, and the city is still a leading grain market. It is the 12th largest city in the United States, and one of the most populous cities in the world not located on navigable water. It has become a regional hub of road, rail, and air transport.

At present its most important industries are natural gas, coal, machinery, and electrical equipment. It is also the home of several major pharmaceutical companies, and houses several universities.

munities of faith. The unemployed and the working poor shared their neighbourhoods with large numbers of middle-class families, who provided positive role models and support for struggling neighbours. Strong families, churches, and schools worked together to instil a sense of unity and a shared set of values. Cities were where people went to pursue the American dream.

Today, the American dream for many is to escape the city for the comforts of the suburbs. Cities are losing population, and businesses increasingly locate outside city limits ...

Many point to the War on Poverty as the turning point. The program signalled the beginning of an era in which government would attempt to solve the problems of inner cities through massive wealth redistribution. As government attempted to buy cities out of poverty through impersonal programs, it supplanted private efforts and raised taxes in the process. Worse, while government spent billions on an ever-increasing array of social programs, it neglected its core responsibilities of public safety and infrastructure.³

Thus, after 25 years, a well-intentioned policy to eliminate poverty adopted by the most powerful government in the world ended up undermining community structures and free enterprise in inner city areas. It caused all those who could afford to do so to flee to the suburbs, and handed the inner cities over to criminal gangs. This happened despite ever-increasing city, state, and federal expenditure on inner city welfare. From 1965 to 1995 the United States spent \$5 trillion on welfare before finding out that most welfare programmes did not work, and that many were actually preventing the kind of urban growth that would have created jobs and allowed people to support themselves and their families. In addition, welfare spending created armies of bureaucrats with a salary bill far bigger than the grants they were processing. Even today, only \$3 billion of the \$14,5 billion which New York spends annually on social and medical services for the poor actually reach the intended recipients; the remaining \$11,5 billion are spent on salaries and other expenses.⁴

By 1990 many of America's cities were ready to elect mayors willing to tackle the disasters caused by a war on poverty that had turned out to be a war on urban communities. Goldsmith was one of the first to step forward. His eight-year term of office has been exceptionally well-documented. We will survey two aspects. First, what did he do, and how did he do it? And second – drawing on his second book, *Faith in neighbourhoods – making cities work through grassroots empowerment*, written after his period of office – what were the beliefs and values which he took into his job, and how were they modified by his experiences?

By 1990 many of America's cities were ready to elect mayors willing to tackle the disasters caused by a war on poverty that had turned out to be a war on urban communities

Small victories

Goldsmith and his staff set out to address the problems of Indianapolis on the basis of a clear vision:

... to prepare cities for the 21st century through an explicit policy of reducing the size of government, creating wealth through the marketplace, and rebuilding civility by giving authority back to families, churches, and neighbourhood associations.⁵

However, he resisted the temptation to address the failures of one theory by developing another. Rather, he concentrated on small initial practical victories, and on learning from these. One of the first test cases was privatising the rendering of accounts to the city's sewer users. Simply sending these out was costing the city \$3 million a year, in order to collect \$40 million, and Goldsmith decided to contract this task out to a private company. Within three years, the benefit to the city in the form of cheaper costs and additional revenue from users not previously billed was \$10,6 million a year.

The next service to be tackled was street maintenance – in effect, filling potholes. Goldsmith obtained quotes from private companies to take over this service. Initially this move was opposed by the unionised employees in this division, but then Goldsmith asked them to quote as well. Motivated by the prospect of competition, they submitted the lowest quote. Then, having won the contract, they actually delivered below the quote, working 68 per cent more efficiently than they had done while they were employees of the city. The workers were earning more than before, and the city was paying less.

Similar experiences followed in respect of the city's printing services, waste water purification, airport, prisons, golf courses, vehicle fleet, and public parks. Goldsmith and his team were so successful that they even developed what they called 'the yellow pages test':

Our early rule of thumb was simple and is still probably the best guide. Look at the city's yellow pages. If the phone book lists three companies that provide a certain service, the city probably should not be in that business, at least not exclusively. If there are five florists in Indianapolis, the city probably does not need its own hothouse; if window-cleaning services are booming, why should the city operate its own? The best candidates for marketisation are those for which a bustling competitive market already exists. Using the yellow pages test we could take advantage of markets that had been operating for years.⁶

'Look at the city's yellow pages. If the phone book lists three companies that provide a certain service, the city probably should not be in that business'

In the five years from 1992 to 1997 more than 70 city services were opened to competition, either by privatising them entirely or by giving municipal employees a chance to compete with private suppliers. Goldsmith comments: 'Not every marketisation was a complete success, but by breaking up our monopoly we exposed the hidden bureaucracy and showed it can be cut.'⁷

Competition, not privatisation

Goldsmith acknowledges that he learnt a great deal from these 70 experiences, and that not all of these lessons harmonised with the ideas he had when he took office. One of the most important lessons relates to the dynamics of the process known generically as 'privatisation'. Coined in the mid-1970s, this notion was either venerated or vilified – depending on one's political beliefs. Goldsmith took office with the former orientation, but experience led him to change his mind:

The key issue, we soon discovered, was not whether tasks were performed by public or private institutions. A private monopoly, like the water company, might be less bureaucratic and more efficient than a government monopoly. But without the spur of competition, the difference in what we could expect in price and service would be distinctly unrevolutionary.

Our experience with sewer billing made an immediate impact on our thinking about privatisation. Competition, not privatisation, made the difference. Competition drives private firms – and, we soon discovered, public agencies – to constantly seek ways to reduce costs and improve service.⁸

Put differently, the problem was not necessarily that the city government was delivering certain services, but that it had a monopoly over those services. According to Goldsmith, government is protected against competition in four ways:

- Government does not go out of business if it fails to satisfy the people. Parties and politicians may change, but the institution of government goes on.
- Government controls revenue, and can therefore raise its prices even when its products are unpopular.
- Government can spend more than it earns in the form of tax revenue.
- Government delivers 'essential services' – ie, services which many believe cannot be delivered by others.

The result is that government services are protected from market

*'Competition,
not
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The White River Environmental Partnership (WREP)

Indianapolis's two waste water treatment plants posed a real privatisation challenge, not least because they had a deserved reputation for being very well managed as public utilities, and had won several awards. The employees were highly unionised, and the operations extremely technical. Finally, any failure of the privatised plants to deliver quality water would inevitably cause a political backlash.

Nevertheless, Goldsmith and his team were determined to go ahead. The process went like this:

- They hired a Big Six accounting firm to study the plants from top to bottom and assess potential savings. The report confirmed that the plants were highly efficient, and concluded that privatisation could reduce operating costs by 5 percent only. Nevertheless, Goldsmith and his team decided to 'test the marketplace'.
- High levels of interest followed, and no fewer than seven companies or consortia tendered. Success went to the White River Environmental Partnership (WREP), a consortium of the Indianapolis Water Company, the French-owned Suez Lyonnaise des Eaux, and the Denver-based JMM Operational Services, Inc. 'This was a milestone because we had pushed beyond the yellow pages test and discovered that even in areas where a local market did not exist, international companies would come in and new ventures would form to respond to opportunities.'
- WREP brought to bear global resources in technology and management that eventually reduced the operating costs of the two plants by 44 per cent or \$65 million over five years. The contract provided for further cost cuts, benefiting the city even if WREP failed to introduce the technologies required to do this. In fact, WREP has remained ahead technologically, with the result that the city is now getting even cheaper water, and WREP is making a bigger profit. 'By reaching out to a worldwide market of providers, we gained access to the best managers and most advanced technology on earth, yielding cleaner water at almost half the previous price.'
- 'Of course, once again, savings are not the only story. As good as the plants used to be, WREP runs them better. Water quality has substantially improved. Violations of water quality standards, already rare, decreased from about seven annually under city management to one. On average the water that leaves the plants is far cleaner than required by EPA's stringent standards, and is even cleaner than the water it joins in the White River.'
- As regards the unionised employees, WREP understood the sensitivity of the situation and decided to recognise the local union, making it one of the few private companies in America to bargain with a public employee union. With WREP's assistance, Goldsmith's team placed every displaced employee who wanted a job. Of the 321 employees working at the plant at the time of the transaction:
 - WREP hired 196, 20 more than it needed to run the plant, and relied on attrition to reach its target workforce;
 - WREP funded outplacement services that placed 43 employees in private sector jobs;
 - Jobs were found elsewhere in city government for nine employees, and 50 were placed in a 'safety net' where they performed community work until city jobs opened up; and
 - Ten employees chose to find employment on their own; eight failed WREP's mandatory drug test or refused to be interviewed; and five retired.³⁸

pressures. In Goldsmith's experience, creating competition emerged as the most important goal – not only between firms and government, but also as a motivating factor for government employees:

Public employees in Indianapolis were not failing because they were unionised – they were failing because they were monopolised. Not only were they under no pressure to respond to customers, they were virtually forbidden to do so. At least two forces held them back.

First, the lack of a market prevented public employees from discovering what their customers wanted or even what a reasonable price for their services might be ...

The other force that prevents government workers from serving their customers is the morass of bureaucratic rules in city government that substitute for the demands imposed on private companies by customers.⁹

Elsewhere, he also formulates this notion as follows:

The pothole competition confirmed that a preoccupation with privatisation is unproductive. Contrary to their poor public image, most civil servants are hard-working and talented – and they know a lot more than their mayors do about how to do their jobs well. The problem is that they have been trapped in a system that punishes initiative, ignores efficiency, and rewards big spenders.

Our experiences with sewer bills and street repair led us to adopt an explicit model of competition between private firms and public employees. From the taxpayers' point of view, the ideal situation occurs when the most efficient private sector service provider goes head-to-head with a government division operating at its most efficient level.¹⁰

Five strategic tools

Pragmatism; starting with small, winnable cases; being willing to change preconceptions; some unexpectedly positive experiences; building on any new optimism however small; and saving and earning money. These are the elements of Goldsmith's success in reforming government in Indianapolis. On the basis of this experience he sets out five 'strategic tools' which he believes can be used in most areas of urban management. These are:

- Activity-based costing for all public departments and projects, in order to produce the management information needed.
- Performance measures: 'Simply spending less is not enough. Measuring and rewarding performance are indispensable.'¹¹

Creating competition emerged as the most important goal – not only between firms and government, but also as a motivating factor for government employees

- Easily understood budgets that make it clear to citizens what they are or aren't getting for their money.
- Customer surveys to assess preferences and levels of satisfaction.
- The empowerment of public employees.

Goldsmith is regarded as having been highly effective in reinventing city government in Indianapolis. But, as he often points out, this is not an end in itself; better government must lead to economic growth, more real jobs, and improved living conditions.

How did Goldsmith set about reversing a familiar set of negative conditions – the loss of companies, the decline in economic growth, the flight of skilled people to the suburbs, and the other symptoms of a decline in the quality of urban life – marking this and other American cities?

'A thousand pinpricks'¹²

When Goldsmith took office, he was appalled to find that Indianapolis's regulatory code was 2 800 pages long and had never been revised, only added to. He immediately set up a Regulatory Study Commission, and when he left office an astounding 157 000 processes and regulations had been removed, without any complaints from anyone.

He saw, quite rightly, that an early priority for making Indianapolis more attractive to investors was to reduce the 'thousand pinpricks' of regulation, while lowering taxes by controlling public expenditure and spending the savings on housing, infrastructure, crime prevention, and community development. He brokered agreements among neighbouring suburbs in which they agreed to stop competing for investment that would benefit the whole region, and to share the costs of regional infrastructure, such as transport, water, and sewerage. Neighbourhood leaders also agreed to adopt common strategies and incentives for attracting industries, and to locate these at the most suitable point in the region.

Within Indianapolis Goldsmith pursued innovative financing mechanisms:

The Indianapolis competition effort was designed not just to save money, or even just to produce city services more effectively. It was a way to free up operating dollars to reinvest in critical infrastructure problems. Not only did we refinance existing city debt, but we also borrowed against the real, established annual savings from competition. Without raising taxes, we created the largest capital investment program in the history of Indianapolis.¹³

Better government must lead to economic growth, more real jobs, and improved living conditions

'Classical empowerment'

In *Faith in neighborhoods*, Goldsmith focuses more closely on the processes for strengthening urban communities and preventing and resolving the urban problems created by decades of policies with negative outcomes. Much of what he has to say is relevant to South Africa.

Again, Goldsmith argues that approaches to urban development since the mid-1960s have failed because they have focused on 'problems' in a broad, undifferentiated, bureaucratic way divorced from the actual people and communities involved. Also, these approaches have focused on what is wrong with communities and what government acting alone can do about it, overlooking the individuals, groups, and structures within each community that can be a large part of the answer:

Bureaucracies are created to reduce reliance on social capital. People lose incentive to engage in their communities ...¹⁴

Indeed, rule-driven, top-down, one-size-fits-all bureaucracies and programs are all but incapable of providing help for people in an individualised way. Instead, they are good at treating everyone equally, even when the treatment is not good ...¹⁵

No one has written about 'classical empowerment'. I call it 'classical' because it is not new but merely the application of some good, proven ideas. It combines the best elements of empowerment in the varying models (available). It stands on the shoulders of a long American tradition that prizes a shared sense of ownership for communities between government and private citizens, a dependence on values and virtue, and a market that is open to all. In short, classical empowerment tries to develop the best possible relationship between neighbourhood residents and government, the market, and non-profit community organisations – the three main sectors of society...¹⁶

In Indianapolis we saw early on that much of what was wrong about (existing) methods of problem solving was precisely their focus on problems. They often neglected a community's real assets – from community groups to physical infrastructure such as parks to strategic business locations – which, if made the centre of empowerment strategies, could help to eliminate problems.¹⁷

Goldsmith makes a vital shift of emphasis that brings to the fore the assets a community already has, rather than highlighting what it does not have.

Municipal citizenship

Taking further his perception that resolving urban problems requires a joint effort by government and community structures, Goldsmith reminds us:

An early priority for making Indianapolis more attractive to investors was to reduce the 'thousand pinpricks' of regulation

A strong municipality requires citizens, not merely taxpayers and recipients of public services. The root of municipal, *munus*, means 'duty' in Latin. Municipal citizens understand that the health of a city rests upon the degree to which they actuate their duty to the city and each other.¹⁸

In municipal and local issues, no single set of stakeholders has complete power to act. Issues have to be dealt with by partnerships, and it is working in partnerships that creates the sense of 'municipal citizenship' for individual community members:

Local, municipal problems – whether they concern public safety or economic opportunity or housing availability – ... usually cannot be confronted by government alone, non-profit organisations alone, or business alone, but by each joined in a common effort. Municipal citizens work with government, grassroots organisations, faith-based organisations and business to address concerns that everyone shares.¹⁹

By participating in partnerships designed to eliminate negative elements and strengthen positive ones in the community, individuals who have previously simply lived in the area or paid taxes there can develop specific attitudes and a wide range of skills. Moreover, they are empowered by doing this:

... municipal citizenship is about building character that gets engaged. Empowerment occurs not merely by specifying certain economic or political outcomes in advance but by strengthening people's capacity for self-governance, involvement, and co-operation.²⁰

So municipal citizenship does not benefit only the community. It benefits the individual as well, by drawing out positive and practical elements of temperament and by providing real life skills:

Municipal citizenship understood as building marketable and engaged character involves removing barriers so that using marketable talents and engaging oneself in the community seem like worthwhile things to do. It is not only about changing people's habits. It is about changing people's environment so that their ambitions and motivations can be fulfilled.²¹

Character that is engaged ... serves two important civic purposes. If people improve their personal marketability, which is often just as much a matter of changing personal habits as learning technical skills, they will improve their economic condition over time. And if they become engaged in the life of their community, they will

'A strong municipality requires citizens, nor merely taxpayers and recipients of public services'

improve their social condition – and that of those around them – over time. In other words, they will improve the financial and social capital in their neighborhoods.²²

Social capital – and a few core values

Working in this way, communities and the city begin to build social capital, a form of investment in citizens and social structures that is as indispensable to urban improvement as business capital and investment in infrastructure. As has long been known, individual human capital and social capital can be developed most effectively in circumstances in which the people involved share some if not all values.

Goldsmith puts considerable emphasis on this. For instance, for him real community assets are ‘value-shaping organisations, not just any organisation’.²³ Goldsmith is careful not to recommend any specific set of values based on religious faith or even traditional ethical patterns. Rather,

Ingenuity and markets: the Naval Air Warfare Centre

‘In 1995 the Department of Defence put the city’s largest military installation on its list for closure. The Naval Air Warfare Center (NAWC) produced advanced aviation equipment for the Navy... It is the only military facility in the country with the ability to design, model, and manufacture equipment on site.

‘Losing NAWC would have been a devastating blow to our economy. The base employed more than 2 500 people, and pumped millions of dollars into the local economy. Yet it was philosophically inconsistent for us to complain about federal downsizing when we were committed to the same principle locally. It was unrealistic as well: no community had successfully lobbied the Pentagon to remove a base from the closure list. Our prospects looked bleak. As long as NAWC remained a government military installation, it was not going to stay in Indianapolis.

‘But what would happen, we wondered, if we stopped thinking of NAWC as a government problem with a government solution? We asked the

Department of Defence to proceed with its plan to close the facility, but to allow private firms to compete for the right to take over operation of the base. We would spin off NAWC into a private company and sell its services back to the Navy.

‘Seven companies submitted bids to assume control of the facility, and in May a selection committee chose Hughes Technical Services Company. Hughes took the risk of managing down costs, finding private sector applications for NAWC technology, and still selling high-quality instruments to the Navy.

‘The result was an all-round win. The federal government achieved its goal of divesting itself of a military base and avoided a \$180 million closing expense in the process. Indianapolis saved more than 2 000 jobs, and gained 700 more when Hughes decided to expand in Indianapolis. And the former military base is now on the local property tax rolls. All of this occurred because the artificial barrier between public and private was removed.’³⁹

his values are somewhat pragmatic and probably very broadly acceptable:

Our empowerment effort set out to explicitly leverage a few core values that would seem necessary for a vibrant community, including respect for each other and their property; self-restraint, work, and civic duty. Government does not play the role of moral educator very well, and we never pretended that it did. But it can stand behind those organisations and institutions that cultivate habits of self-governance and mutual obligation, and it can form policies that encourage good values – which is what we tried to do ...²⁴

A new consensus holds that financial stability and a sense of self-worth are based on the habits, practices, and ways of life that promote work and enterprise. ... most people now agree that working poor families will only escape poverty if they, first, stay employed and, second, develop a vocational path.²⁵

Civil society creates citizens

Goldsmith's concern with community or neighbourhood organisations leads him to consider a notion familiar to many South Africans: civil society. Goldsmith uses this concept in a perfectly ordinary way to refer to the web of voluntary organisations and structures within a modern society that advances or represents the interests of members of that society, but is neither part of government nor of the private business sector. He stresses the need for a healthy, functioning, civil society, not deprived of its roles by government intervention and not weakened by shifting all economic power to business and the state. But he has an additional interesting angle on civil society, one that links a number of his ideas:

Civil society ... is often called upon to develop all kinds of solutions that government and the market seem incapable of providing. But its chief aim is making citizens. And it does this by helping citizens take greater responsibility for their communities and by making communities more receptive to the efforts of citizens. In reality, if it is working well, civil society is solving problems by making citizens – all at the same time.²⁶

Here Goldsmith is emphasising a repeated 'process element'. A functioning civil society is sustained by committed citizens working with government to resolve issues and problems, and take advantage of opportunities. Working together involves learning and gaining experience. Those who gain understanding are being 'recreated' as better citizens who can in turn solve other problems more effectively.

'Municipal citizenship is about building character that gets engaged'

Neighbourhood and faith-based organisations

Goldsmith devotes most of his second book to a detailed discussion of neighbourhood organisations. His view on these organisations are among his most important, and deserve to be quoted at length:

In addition to family, educational and religious influences, the key ingredient to successfully applying the two principles (of) responsibility and citizen participation is an active culture of community-based institutions. In fact, the two principles operate together harmoniously when neighbourhood-level groups are busy enlisting volunteers, working with city officials, reaching out to other community-based organisations, building relationships with funders, and so on ...²⁷

Neighbourhood associations create an organisational structure with which government can work. Organisations can sustain change, receive grants, build partnerships; individuals cannot. And while interest groups tend to represent classes of people or professional groups, neighbourhood associations provide a way to sustain change and focus interests on a real, concrete part of the city ...²⁸

By promoting local voluntary organisations in Indianapolis, we tried to provide the context for people to experience community in a problem-solving environment. This encouraged people to rely on their commitment to shared values to get things done, and it resulted in the production of social capital. Neighbourhood organisations help people share wins, losses, praise, and blame – all of which are needed to build a culture that values accomplishment and provides comfort amidst failure.²⁹

These local organisations include the subset known in the United States as 'faith-based organisations'. It is abundantly clear that Goldsmith was deeply influenced by the positive role played in Indianapolis by organisations with a basis in one or another religious faith. He also writes positively about the way in which they were able to rise to the challenge of greater involvement across a wider scope. The intensity of this issue is peculiarly American. The American constitution enshrines a strict separation between church and state. Accordingly, most government welfare programmes make it a principle that public funds cannot be spent assisting organisations with a religious basis. More interesting from a South African point of view – where views about church and state are not as rigid – is the prospect that a huge number of faith-based organisations in all sorts of communities could be far more effectively involved in urban reform and neighbourhood development than they are at present.

'Neighbourhood associations create an organisational structure with which government can work'

An appropriate supportive role

Goldsmith's emphasis makes it clear that government (and the private sector) are secondary players in resolving local problems, provided a healthy civil society can be created in any locality. Indeed, his point is precisely that the existence of a healthy civil society prevents and pre-empts many of the problems that flourish in atomised communities which are the 'targets' of grandiose state planning.

As noted earlier, Goldsmith does not avoid the challenges of making government more efficient and effective, and has achieved considerable success in doing this. So elevating the role of civil society is not a case of moving all responsibility away from government. He is adamant that the improved efficiency and efficacy of government is crucial, but not as an end in itself, nor even to be sought for the purpose of attracting more investment into the city. In the end, city government must serve citizens:

Government's role in local empowerment is to create an environment where self-organisation is more likely than before, and in which residents find it worth their while to organise for their greater good. Its role is to give communities the security that their organisation will not be in vain. It oversteps its role when it tells organisers what to do, and how to do it, and then pays them to follow the steps of dependency.³⁰

He takes this idea quite far:

The 'reinventing government' movement, for instance, has often focused too narrowly upon enhanced customer service as the basic model of improved relations. Customer service is important, and we made it a central theme in many of our reforms because taxpayers need to have the same responsiveness, as anyone would expect when they are shopping, banking, or buying a house. But if we do not look beyond customer service as a model, then we do not really ever get past the notion of the passive citizen who receives (often sub-par) services ...³¹

The most important thing to be done to change these habits is to force public officials into situations where they have to develop personal relationships with neighbourhood leaders and residents. We noticed that once this was done, city officials enjoyed their work more thoroughly. Outreach to citizens does not mean that public officials have to check their knowledge and skills at the door and simply follow the people's wishes. Residents need help knowing what their options are in each situation that involves government, how to proceed, and the best way to get the results they are looking for.³²

'Government's role in local empowerment is to create an environment where self-organisation is more likely than before'

Intentional assistance

Nor do these views add up to a policy of government getting out of the way and allowing citizens and the market to get on with it:

Even if government reduces its monopoly over good deeds, citizens are unlikely to simply start serving the public (good) on their own. Government needs to reach out to mediating neighbourhood organisations by supporting volunteer training, nurturing leadership. Making positive investments in effective programs, sending supportive signals to the community, and involving them in decision-making. Participation, in turn, not only produces individual commitment, but it also strengthens the positive effect of the mediating institution itself ...³³

The most hard-hit neighborhoods face the most complicated problems, and they usually do so not only with scarce financial resource but also with a shallow leadership pool. This requires a lot of intentional assistance by those in a position to help.³⁴

The Front Porch Alliance (FPA)

The FPA was launched in 1997 to build co-operation between city government and faith-based organisations. Before being launched, an advisory council met for some months to discuss the concept and ensure commitment by all parties. The thinking behind the FPA was that city government would help to co-ordinate and pay for programmes needed by communities, but that organisations within the communities would be better placed to deliver the programmes.

The FPA is a network of faith-based organisations, city government, and other community groups willing to work with each other. It grew rapidly. Within two years the FPA had created alliances between 500 churches, congregations, and community organisations. During this period its achievements included:

- an annual summer programme for 4 000 school-going youths;
- a teen abstinence programme involving 3 500 youths;
- partnerships between 30 churches and 20 public

schools through which congregations provided financial and other resources to the schools;

- 30 churches adopting a total of 60 city blocks, providing support of various kinds to families and others living there;
- 15 churches maintaining 30 city parks under contract from the city government;
- five major projects to convert derelict or unoccupied buildings into community centres;
- pastors from many churches walking the streets with congregants to meet and counsel crime-prone youths; and
- a total of \$750 000 brought into organisations in the alliance in less than two years.

Goldsmith comments: 'Not only did FPA build an important bridge between city hall and religious organisations, it became a laboratory for learning. It revealed a number of valuable lessons about the complex and unique characteristics of public relationships with faith-based organisations.'⁴⁰

Goldsmith goes on to spell out four 'guiding maxims' used by him and his management team to structure their neighbourhood empowerment initiative in Indianapolis – aimed at enhancing municipal citizenship – which he believes can be replicated by cities elsewhere:³⁵

1. If city governments really believe residents know what's best for their communities, they have to prove this by their outreach and ability to listen to them.
2. Neighbourhood participation cannot be made to work by simply inviting citizens to the decision-making table. City government should actively help communities to build effective local organisations with strong leaderships.
3. City governments should measure and demand performance from neighbourhood organisations with which they engage.
4. Public investment in core services is important for attracting private investment to ailing communities, and also symbolically important as a statement of confidence in those areas. Therefore, city governments should play an appropriate supportive role by providing security and other core public goods, and supplying sufficient funding for parks, roads, and 'gap' financing to help with housing and economic development.

Conclusion

At one point in his second book, Goldsmith makes a comment that pulls together most of the themes discussed in this review. He writes:

Everything we did was focused on or fell under these three umbrella goals: safe streets, strong neighborhoods, and a thriving economy. The organising principle was competition. Competition, we knew, is the engine that drives excellent performance. We wanted to be a competitive city at two levels. We worked to be competitive as a city – that is, we wanted to be regarded as possessing unique advantages when compared to other cities and regions. We also wanted competition to drive our provision of services, whether we were providing them ourselves or co-ordinating their provision through private vendors.³⁶

He came to be greatly interested in the issue of strong neighbourhoods. Besides supporting and working with existing neighbourhood organisations, he actively created new ones, consisting either of individuals who had not been involved before, or of existing organisations formed into new coalitions directed towards specific goals. The Building Better Neighborhoods (BBN) ini-

'Vibrant 21st century cities need just enough effective government, but can only succeed if healthy families instil positive values leading to opportunity and a good life'

tiative, a construction project comprised of local organisations, eventually spent \$1,3 billion in the most distressed neighbourhoods, paving or repaving 2 100 lane-miles of roads, repairing 1,6 million feet of curbs and sidewalks, connecting 3 500 houses to sanitary sewers, improving 141 bridges, and constructing or improving 131 parks and 14 swimming pools, all in areas identified by the organisations themselves. A concluding quote:

No amount of government reform will save cities ... without the support of active neighbourhood-based organisations, vibrant communities of faith and strong families ... Too much government usurps the will of the community, but ineffective government is harmful as well ... Vibrant twenty-first century cities ... need just enough effective government, but can only succeed if healthy families instil positive values leading to opportunity and a good life.³⁷

Notes

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|----|---|----|--|
| 1 | Stephen Goldsmith, <i>The twenty-first century city: resurrecting urban America</i> , Washington DC: Regnery Publishing Inc, 1997, p 27. | 18 | Ibid, p 48. |
| 2 | Ibid, p 32. | 19 | Ibid, p 6. |
| 3 | Ibid, pp 6–7. | 20 | Ibid, p 98. |
| 4 | Ibid, p 29. | 21 | Ibid, p 102. |
| 5 | Ibid, p 11. | 22 | Ibid. |
| 6 | Ibid, p 26. | 23 | Ibid, p 37. |
| 7 | Ibid, p 31. | 24 | Ibid, p 15. |
| 8 | Ibid, p 19. | 25 | Ibid, p 35. |
| 9 | Ibid, pp 53–54. | 26 | Ibid, p 117. |
| 10 | Ibid, p 22. | 27 | Ibid, p 22. |
| 11 | Ibid, p 58. | 28 | Ibid, p 23. |
| 12 | Ibid, p 86. | 29 | Ibid, p 114. |
| 13 | Ibid, p 86. | 30 | Ibid, p 100. |
| 14 | Stephen Goldsmith, with a case study by Ryan Streeter, <i>Faith in neighborhoods: making cities work through grassroots empowerment</i> , Washington DC: Brookings Institution, 2002, p 1. (Page references to typewritten manuscript.) | 31 | Ibid, p 28. |
| 15 | Ibid, p 11. | 32 | Ibid, p 40. |
| 16 | Ibid, 37. | 33 | Ibid, p 24. |
| 17 | Ibid, p 51. | 34 | Ibid, p 43. |
| | | 35 | Ibid, p 39 ff. |
| | | 36 | Ibid, pp 53. Emphasis in the original. |
| | | 37 | Goldsmith, <i>The twenty-first century: resurrecting urban America</i> , pp 197–8. |
| | | 38 | Ibid, pp 34 ff. |
| | | 39 | Ibid, pp 43–4. |
| | | 40 | Goldsmith, <i>Faith in neighborhoods ...</i> , p 96. |



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