

**Wealth and Poverty in the Global City**

**Remarks of David R. Jones**

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of New York**

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Good afternoon. I am very pleased to be here today to take part in this important forum. My presence is a measure of my respect for David Dinkins, whom I've known for most of my adult life. I might also add that Mayor Dinkins is a Life Trustee of my organization, the Community Service Society, known to most as CSS.

For 160 years, CSS has been at the vanguard of efforts to address poverty in New York City. For the last 20 years, as its CEO, we have continued that fight as it has become increasingly complex. Over the last year, we have embarked on a bit of soul-searching that has led us to conclude that our greatest contribution to our city is advancing an agenda centered on moving the working poor to good-wage and benefit jobs. Through much research, provision of programs, and direct service, we understand more completely how economic mobility is the key to transforming the lives of the poor and giving them an opportunity to be full civic participants in our nation's largest city.

The Dinkins forums spotlight subjects crucial to New York City, but this year's event gives us the opportunity to look at our city in a global context.

It is clear that it is not just trade that crosses global boundaries but the consequence of economic inequities too. So while we are understandably concerned about the welfare of New Yorkers, we cannot turn a blind eye to the world's poor.

New York City is at an historic crossroads. While certain segments of the city are experiencing the best of times, too many New Yorkers are mired in poverty with no hope or reasonable expectation that their conditions - and worse yet their children's conditions - will change in the foreseeable future. The disparity between the affluent and the poor has widened, seen most vividly in joblessness among young people, Blacks and Latinos, inadequate health care, and a housing market that has priced out the working poor and is now affecting the middle class.

A recent study by the Brookings Institution revealed that New York City has the smallest proportion of middle-income families of any metropolitan area in the country and the number of our middle-income neighborhoods is shrinking rapidly.<sup>1</sup>

Considering the growth in income disparities, it is possible that New York City will never again see a vibrant middle class. Once middle class residents are

forced out of the city, we seem to be creating conditions in our state and city which will prevent poor New Yorkers from ever moving up. A central tenant of the American Experiment, mobility from the bottom rungs to the middle class, is fast becoming a mirage.

For New York to remain a global city - for it to remain competitive in the economic world of the 21<sup>st</sup> century - it must be both a livable city and a city with a continuous supply of educated and skilled workers ready to take their places in a global economy.

Our own research at the Community Service Society has revealed the extent to which we are not even coming close to preparing our workforce.

The extent of Black male joblessness - with numbers approaching 40 percent of working age men - have shocked even those of us who have been aware of this dilemma for some time.<sup>2</sup> And as with so many of the issues we confront, this is problem of national and global dimensions. In 2005, 42.1 percent of working age Black men were jobless in Chicago, 48.3 percent in Pittsburgh, 42.7 percent in both Detroit and Cleveland.<sup>3</sup> While in France, last year's flare-up

that centered on immigrant populations also revealed the degree to which many immigrant young men were marginalized.

We have also identified a vast number of young people in our city who are disconnected from opportunity, almost 170,000 men and women, 16 to 24 years of age, mostly Black and Latino, who are neither employed nor in school.<sup>4</sup> In many places in our nation and around the world, a population of that size constitutes a small city. Again, while this is a national issue it reverberates around the globe. The National League of Cities estimated that there were 5.7 million disconnected youth nationally a few years ago.<sup>5</sup> In Chicago the number was 97,000; in Los Angeles 88,000. A substantial majority - 71 percent of disconnected youth in America's 10 largest cities - was either Black or Latino.<sup>6</sup> Go to many cities abroad and I will guarantee that you will find young people who are virtually invisible, totally severed from the economic mainstream - just like in New York, Chicago, and Los Angeles.

Nearly three and a half million New Yorkers are living in or near poverty - over 40 percent of the city's population.<sup>7</sup> And, once again, New York is not

alone. High rates of poverty are the rule rather than the exception in many urban areas.

When we discuss poverty in New York City, we are talking about communities of color. Overwhelmingly, poverty is a condition that devastates Black and Latino neighborhoods. The city's own numbers tell the story. In East Harlem, nearly 30 percent of residents live at or below the federal poverty line; in Central Harlem, one in four lives in poverty.<sup>8</sup>

Urban poverty in America is systemic - it has no relation to individual responsibility. We as a nation have created what we said we would never do, a caste system. Fixing it will require an investment on the same scale as the problem. It will require enormous amounts of time, effort, and money.

The issues surrounding urban poverty are complex and numerous.

#### EDUCATION

In New York City, we have an educational system that has utterly failed - an economy that produces either very high wage jobs or very low wage jobs - a labor movement that is in retreat - and a generation of youth who are entering adulthood without a future

because of a gross lack of basic education and marketable skills.

In our society, joblessness - and poverty - can always be traced to a substandard education. A life in poverty begins early - with an inadequate education often leading to dropping out of schools that seem to have no connection to the world of work.

The city's own numbers show that just over half of the students entering our public high schools graduate.<sup>9</sup> Of those who do graduate, less than 10 percent of Black and Latino students leave with a Regents diploma, the academic certificate for public high school students.<sup>10</sup>

Most high school dropouts don't get past the 9<sup>th</sup> or 10<sup>th</sup> grades. By the time they reach high school, it's often too late to improve their chances for success in the classroom and beyond without significant and long term remediation. Most leave school without the skills necessary for employment.

We need a "second chance" policy specifically to reach out to young men and women who have dropped out. For those with deep educational deficits, this will not be a cheap, quick fix. Short-term, superficial,

and minimally funded training programs do not make up for 12 years of educational malfeasance.

It will require a more nuanced and focused approach, where training and education will have to be supplemented by a wage so people can learn and live at the same time. Without a wage supplement, dropping out becomes endemic, as evidenced by the huge dropout rates at our community colleges.

#### LOW-WAGE WORK

We at the Community Service Society believe that the route to escaping poverty is through work. But it has been amply demonstrated that holding a job will not necessarily pull a working family out of poverty.

There are a number of reasons why low-wage workers find that they cannot escape poverty, including the lack of health benefits, the rise in housing costs, and the decline of union membership.

The Community Service Society conducts an annual survey of low-income New Yorkers. Our latest findings reveal the dismal status of the city's low-wage workers: only 45 percent get health benefits on the job; only 35 percent have prescription drug coverage; just 37 percent have a retirement plan; less than half get paid sick leave.<sup>11</sup>

A report on New York City's security guards is a prime example of the dilemma faced by the working poor in a segmented economy. The report was produced by the Community Service Society and commissioned by the Service Employees International Union, Local 32BJ.<sup>12</sup>

The city's 63,000 private security guards provide the first line of defense for tenants and visitors in some of the world's most valuable properties. Almost 95 percent are non-union. Over eight in ten are men of color - mostly Black men. The median hourly wage for guards is only 55 percent of the median for all workers in the metropolitan area. Few guards receive benefits on the job. Most labor without a single day of paid sick leave. The result is a workforce with low morale and high turnover.

Focus group discussions were held with some of these workers. Here's a sample of their views.

"I got sick and went to the hospital and they charged me \$1,000 so I have to go to work to pay that off. I do it over time. It will take me about a year."

Another point of view: "I used to have union benefits but I don't now. My new company said if you want medical benefits you have to pay. You wind up

paying half your paycheck to get benefits but I haven't done that yet. I just pray and hope I'm all right."

This is the reality of low-wage labor. But it doesn't have to be this way. There are several thousand unionized security guards in New York. They not only get higher wages. They have affordable job-based health benefits, paid vacation and sick leave. As a consequence, we found that their morale is high and their dedication to the job is strong.

What we learned from our security guard research is that unions continue to play an important role in obtaining livable wages and benefits and raising workplace standards. The absence of unions leaves hard-working men and women with little protection from the often-arbitrary actions of employers and the unpredictable nature of market forces.

We need to strengthen unions. We should endorse the Employee Free Choice Act, legislation that labor is backing to make organizing in the workplace easier. All low-wage workers must be unionized. Health care coverage must be made universal - a system along the lines of Medicare, but for all Americans.

We're talking about big, expensive policies and programs. Nothing less will have any significant impact on urban poverty. But let's put this into perspective. A single U.S. Navy nuclear aircraft carrier costs about \$10 billion to build today.<sup>13</sup> How much impact could we have on urban poverty with those kinds of funds?

Let me digress, I've been at CSS for 21 years, served in city government for eight years and was among the last Senate Interns for Bobby Kennedy. As an "insider," nothing sets my teeth on edge like "pie in the sky" reforms or appropriations. Five years ago, to suggest significant investment in New York City for this population would have been a cruel joke - but in my view times have changed both for New York and the nation. We have even seen some initial steps here.

From Mayor Bloomberg's Commission on Construction Opportunities came a new High School for Construction Trades, Engineering, and Architecture that opened last fall. And 40 percent of construction industry apprenticeships were earmarked for formerly excluded groups and individuals - an unprecedented agreement with the city's trade unions.

The mayor's Commission for Economic Opportunity, on which I served, took a targeted approach to addressing poverty, focusing on three distinct groups of the poor: working poor adults, young adults age 16 to 24, and children age five and under. The mayor committed \$150 million to develop policies to address their immediate needs and create avenues for sustained mobility throughout the course of their lifetimes.

But New York City cannot do this alone. Poverty is a national problem.

Next year, a new president will be elected, quite possibly a New York senator, and members of Congress will also be on the ballot. During the last municipal election, voters of color were in the majority for the first time in the city's history. And in 2009, the City Council is poised to become minority majority for the first time.

Also, the city's congressional delegation has never been more powerful - with Charles Rangel as chair of the House Ways and Means Committee, Jose Serrano leading the House Appropriations Committee's Subcommittee on Financial Services, Nydia Velazquez at the helm of the House Small Business Committee, and Carolyn Maloney leading the Subcommittee on Financial

Institutions and Consumer Credit. In the Senate, Charles Schumer is chair of the Joint Economic Committee and of the Housing, Transportation, and Community Development Subcommittee, and Hillary Clinton chairs the Environmental Health Subcommittee.

These New Yorkers are in positions to effect policies and develop far-reaching programs that will not just impact New Yorkers but urban communities throughout the nation. It's been done before. Look at the 70-year history of government farm subsidies. Between 1995 and 2003, taxpayers spent more than \$131 billion on federal farm programs.<sup>14</sup>

Let's recognize the latent power here and use that power. Not just for New York City - this is not a local issue. It affects the entire country. The stakes are much higher now with globalization. The global economy is taking a great toll on poor people in this country - the movement of jobs off-shore has become an epidemic.

The presidential campaign is already in full swing. Where do the candidates stand on the issue of urban poverty and the effects of globalization? Have they even given any thought to these issues? If

past presidential campaigns are any guide, the answer is probably no.

We should challenge every candidate to provide a plan for a path to decent jobs for those who face barriers to employment - whether they are graduates of deficient school systems, high school dropouts, or those re-entering society from prison.

In order to elicit candidates' views and possible plans on urban poverty, the Community Service Society is co-sponsoring with Local 32BJ of the Service Employees International Union a year-long, bipartisan series of conversations with presidential candidates, titled "Working Cities."

In February, Former North Carolina Senator John Edwards addressed the Working Cities forum. One of his proposals is the creation of one million transitional jobs as a pathway out of poverty. Next week, the forum will host Senator Hillary Clinton. Because of the front-loaded primary season, we hope to have every major candidate of both parties address the forum by Labor Day.

We are entering a time when markets beyond our shores are challenging New York City's position in the global economy. Our competitive position is

considerably weakened when many New Yorkers are not in a position to contribute the full extent of their intellectual and human capital to our city's gross domestic product. For New York City to remain a truly global city, we must give every able-bodied New Yorker the opportunity to contribute.

Our challenge is to construct a vision of a "working city" - a 21<sup>st</sup> century metropolis that discounts no one and creates pathways to economic opportunity for those among us who are living at the margins. At CSS we are working toward that change and welcome a global discourse that takes aim at poverty.

And as to the price tag. Perhaps it is time to see the first "nuclear aircraft carrier equivalent" for the SS David Dinkins or Charlie Rangel or Jose Serrano or Nydia Valesquez. That 10 billion dollars could begin to transform cities and make America once again a nation that leads all other nations rather than the laughing stock it's been turned into.

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## ENDNOTES

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- <sup>2</sup> Levitan, Mark. *Unemployment and Joblessness in New York City, 2006*. Community Service Society. February 2007.
- <sup>3</sup> U.S. Bureau of the Census, 2006. Also see John Schmid, "Black male joblessness takes rare fall," *Milwaukee Journal Sentinel*, March 13, 2007.
- <sup>4</sup> Levitan, Mark. *Out of School, Out of Work . . . Out of Luck? New York City's Disconnected Youth*. Community Service Society. January 2005.
- <sup>5</sup> *Reengaging Disconnected Youth*. Issue #7. National League of Cities. Institute for Youth, Education, and Families. At <http://www.center-school.org/documents/ReengagingDisconnectedYouth.pdf>.
- <sup>6</sup> *Left Behind in the Labor Market*. 2001. Northeastern University's Center for Labor Market Studies.
- <sup>7</sup> U.S. Bureau of the Census. Current Population Survey, 2004-2005. American Community Survey, 2005.
- <sup>8</sup> *State of New York City's Housing and Neighborhoods 2005*. New York University. Furman Center for Real Estate and Urban Policy.
- <sup>9</sup> New York City Department of Education, 2006. Also see Carrie Melago, "HS dropout crisis," *New York Daily News*, February 21, 2007.
- <sup>10</sup> *Dissecting the Achievement Gap: Racial Fault Lines in NYC Regents Diploma Rates*. New York City Council. May 26, 2005.
- <sup>11</sup> *The Unheard Third*. Community Service Society. 2006. At [www.cssny.org/research/unheardthird/index.html](http://www.cssny.org/research/unheardthird/index.html).
- <sup>12</sup> Rankin, Nancy and Levitan, Mark. *Shortchanging Security: How Poor Training, Low Pay and Lack of Job Protection for Security Guards Undermine Public Safety in New York City*. Community Service Society. May 2006.
- <sup>13</sup> *Navy CVNX Aircraft Carrier Program: Background and Issues for Congress*. February 19, 2002. Also see GlobalSecurity.org at [www.globalsecurity.org/military/systems/ship/cvx-history.htm](http://www.globalsecurity.org/military/systems/ship/cvx-history.htm).
- <sup>14</sup> Environmental Working Group. Farm Subsidy Database. December 2006. At <http://ewg.org/farm/whatstheplan.php>.