Address by

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Rhode Island Foundation

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Thank you very much. I just noticed as this was handed to me, that it has a letterhead that has my name on it. You must be getting rid of the old stationery, I suppose. So the money is being spent well. It's something I hadn't expected.

Well, Bob, I appreciate your kind remarks and I appreciate the privilege of being here once again. I'm glad that we're meeting in one of the institutions that has benefited from the Foundation's past contributions. I have enjoyed and benefited greatly from my years of service on the Distribution Committee, and I'm a little taken aback at this first opportunity to address such a large group of either donors or donees. Which reminds me of a story from Texas where the IRS agent came around to the local church in a small Texas town and said, "Reverend Jones, I understand one of your congregation, Mr. Smith, has contributed $10,000 to the church." And the Reverend said, "How much was that?" $10,000." "Who was that?" He said, "It was Mr. Smith." "Don't worry," said he, "he either has or he will." So we're glad to have you all here. I hope you either have or you will.

It's somewhat of a risk to ask me to speak to this group because I have not prepared a text, and usually an unprepared speech lasts longer than one that's been prepared. But in looking at the hour I'll try to be brief, and perhaps rather than making a speech I'll make a few remarks and raise some questions. And I would welcome the opportunity to open this meeting to some questions if that would appeal to you.
The subject that was assigned to me was "Revitalizing Our Communities, Public and Private Sector Roles." Well, I started looking at the title and the first word is "revitalize," which certainly implies that we once were vital in our communities and we no longer are.

We also have the word "communities" that is a risky word: do we mean cities, do we mean suburbs, do we mean the rural areas? Community in its total sense must mean all of our nation, all of our people, all of our areas. Therefore, I must approach the subject with caution so as not to step on the toes of any parts of the broader community who might be neglected if I concentrated my remarks too much in one sector. But I do think that in recent decades the scale has tipped in favor of suburbia and away from the central cities. So perhaps one of the most important places to look for revitalization is in the cities, the central cities, so that in thinking of the total community we do think of restoring a balance and of bringing an equal vitality to our cities as well as to our other areas.

And the role of the city is important. The city is the place today in which we need to carry on the transactional business of society. It's a logical place for government to administer our services, to provide our courts and to legislate. It's the logical focus for cultural activities, broad-based, including all of the resources: entertainment, fine arts, the visual arts, the performing arts.
It's a crossroads, naturally, of religion. You need a focal place for the religious community to come to its highest performances. The city needs to be a hub of transportation. It needs to provide for retail. It needs to provide all those services that support our life. It needs to deal with philanthropic activities. It needs to provide production to balance the service activities, production which fits in the city. And it is logically the place for education. The rich combination of educational institutions in Rhode Island certainly sets an example.

What are the factors that would favor revitalizing central cities as compared with other parts of our community? One is the energy crisis. The shortage and cost of energy makes it necessary for us to re-think the structure of our society toward higher and better use of our resources. The concentration of a city makes it possible for us to carry on more of our activities with less energy cost. And this may become more important. The daily commute to and from the suburbs, one person per car, becomes very unacceptable in a time of world-wide energy shortage, when costs for providing the infrastructure to support that transportation network are increasing.

Inflation drives us toward thinking about the central city again. The cost of operating in a spread-out, scattered community becomes higher in periods when inflation drives up all the costs, including the networks that bind together remote areas to form our interface of activities.
Environmental considerations -- as we try to allocate a certain amount of our land to long-term preservation -- is certainly a factor favorable to our cities. Demographic change -- more older people who need more services from a city -- tends to favor a central city.

There are social considerations, too, including the new role of women in society. More and more, two occupants of a household are both employed in careers and it is less and less convenient to pursue those careers from remote locations. The city becomes more habitable in that environment. So there are perhaps some reasons why we should be thinking of revitalizing our central cities as part of the way of revitalizing our communities.

Well, what are some of the issues to consider if we're to revitalize. One, of course, is the climate in the city, the climate for private investment. What will motivate the private sector to put major resources into central cities which have decayed and which have many problems, social and physical?

There's uncertainty as to the cost of cities. There's uncertainty as to the political climate. Without addressing the issue that we may need to rethink, in coming years, the whole philosophy of how we manage the economy of our nation, I would suggest that the time may be at hand for us to shift from managing our economy through demand and consumption to managing it through incentivizing supply or investment.
I've cited before the example of sixteenth century Spain. The discovery of the New World brought about the introduction of massive amounts of gold into Spain. This unearned purchasing power bid up prices about a thousand per cent, producing the first example of hyper-inflation. Spain became the most elegant nation ever seen in Europe. But by the seventeenth century, it was barefoot. It had lived by consumption, had put nothing back in the way of investment for the future.

In the twentieth century, are we going to see the same example? In the United States we've introduced a large mass of unearned purchasing power through the printing press, the creation of money and credit. And we have bid our prices up, and are bidding them up, and we're living the most affluent life that any civilization of this size has ever lived. We have the highest standard of living for the most number of people. But if we continue only to consume through this period of affluence, will we too soon be barefoot? Or will we have the courage to shift our philosophy and invest for the future so that we leave a rich land rather than an economic desert?

What may be the responses of the public sector in the face of the need to revitalize the central cities? First, I think the public sector needs to have a vision of where it's going. Too often the public sector looks ahead only a month or six months and has no real concept of what the city is to be. It therefore doesn't make the tough decisions; it doesn't create a coherent plan; it doesn't allocate its limited resources to the highest and best use. It sells out for a buck rather than waiting for the economic development that would have long-term value.
There's also the question of local governments being more and more a conduit for Federal funds. And here we see often confusions and inefficiency, in the place of states and cities learning to work together for the public interest and bringing resources to bear in a cohesive plan.

And there's also the question of whether politics doesn't often become more important than the public interest, and whether a political consideration doesn't often over-ride what is good for the community. The local community also needs to think about its own tax climate. The reality is that if we're going to get the private sector to help develop central cities, those private investors have to know where they're going to stand, what kinds of costs they are going to incur over a period of time in order to risk the investment.

I've heard, in this community, the criticism that new developments downtown would involve tax concessions, as if these were giveaways. The choice is between stabilization to permit a major development and no development -- between a vacant lot and a productive city. I wonder whether that's a good public/private trade-off. And there are many other issues, of which you are aware, in making the cities a safe and happy and productive place in which to live and work.

The third consideration is the environment itself. I know that we all want to preserve our environment. But so many times it seems that the real concern is not the environment but an elitism that deals with the fad of considering the environment. I remember the Storm King Mountain project in New York -- the pump storage system which, when conceived, would have been the most economic way
to provide the peak power loads for New York City and avoid the
tremendous power problems that city has suffered for the last ten
years. But the rich occupants of the bank across the Hudson River
bought that project, and these rich, so-called environmentalists,
were able to take the money away from the poor in New York City
who needed the jobs and the opportunities. So be careful about
environmentalists and be sure that they are serious about their
efforts and are not just following a fad because it is the popular
thing to do.

The fourth thing, of course, is the need for a partnership.
There's no way that central cities can solve their problems and
revitalize unless there is a partnership of the private and public
sector. Neither alone can accomplish it. Public developments
fade and do not have the vitality to continue. Private developments
cannot exist without the interface and the support of the public
sector. Will there be any sanctions if the public and private sector
do not find a way to create this partnership? I think there will be.
The sanction of neglect; the continuation of the forlorn conditions
of decayed and decaying cities, with the enormous social costs that
go with them. Will there be any rewards if the public and private
sectors do forge that partnership? Yes, I think there will be. I
think there will be vitality that will enrich human experience. I
think there will be values, both physical and spiritual, and I think
there will be a new humanism that will lead us into the twenty-first
century, toward an affluent land, investing and building for itself
and its future. Thank you.