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Business As Usual?

The events of September 11 profoundly impacted the American way of life and forever altered not only how we live and work as a nation, but the way in which we view the world. The unimaginable occurred—and it occurred in our own backyard with tragic consequences. The horror we felt as we watched the attacks on the World Trade Center and the Pentagon was only equalled by our stunned disbelief that America, and all that it stands for, could be so hated by extremists here and abroad.

As we mourn the loss of life of thousands of our fellow Americans, we now have to turn our attention to recovery and rebuilding. President Bush has urged us to return to “business as usual.” Believing that this is our patriotic duty, we heed his call. And while we must accept that life will never return to “normal” as we knew it prior to September 11, we still must commit as a nation to rebuilding businesses, the financial markets, consumer confidence, and building new coalitions. But just how do we get back to business as usual? And how exactly do we define business as usual?

Prior to September 11, Wall Street was already under great pressure. Financing was down, investors were skittish, and the overall economy was sluggish. For the first time since the beginning of the year, seven of the top ten indicators were down in August. And of great concern to the Joint Center, not only did unemployment rise during August, but unemployment among African Americans returned to rates not seen since 1998 (see Economic Report in this issue).

In addition, policy issues concerning education reform, social security, health care, tax cuts, and the budget were the center of the Bush administration’s domestic agenda. The expected outcome of bills pending on these issues was viewed optimistically, with the resulting impact on underserved populations to be positive. Our foreign policy was called into question, and many voiced their criticism that Bush’s handling of foreign policy was far too unilateral in its approach. But that was before the attacks.

With long-term domestic policy issues set aside as we rightfully turn our attention to fighting terrorism, I hope the administration does not abandon its domestic agenda completely. The industries hardest hit by the terrorist attacks — the airline and other travel-related industries such as hotels and tourism, among others — are also industries that have traditionally employed high numbers of African Americans and other minorities, particularly in the lower-wage, entry-level jobs. We cannot afford to abandon our most vulnerable populations during this period of uncertainty.

The Bush administration has shown great leadership in response to the terrorist attacks. To date, the response has been measured and responsible. We have demonstrated that as a nation, we value building global alliances and multilateralism. We recognize that decades of poverty,

oppression, and hopelessness lay at the root of most conflict and violence. Our challenge, then, is to balance our war on terrorism with rebuilding and recovery here at home as well as globally.

Towards these ends, the Joint Center will help its constituents and others better understand the world that is being transformed before our very eyes. As a research and public policy institution, we will soon begin holding a series of policy forums in which thoughtful and experienced individuals from diverse arenas will share their views about our nation and the world in transition. ■



PRESIDENT



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The Importance of U.S. Foreign Assistance

Increasing Foreign Aid to Poor Countries Makes Their World Better and Ours Safer

By Aline Santos

Editor's Note: The following article was written, just weeks before the September 11 terrorist attacks, by Aline Santos, a native of Mozambique who is pursuing graduate studies in the United States and recently interned with the Joint Center's Office of International Affairs. Citing Mozambique as a case study, Ms. Santos argues that U.S. foreign aid can have a real impact on democratic reform, alleviating poverty, and building peaceful and economically healthy alliances, and she urges our nation to again give our aid programs the high stature they deserve as a matter of strategic realism. The events of September 11, and the chaotic political and military events now unfolding in Afghanistan and its neighbors, would seem to make the author's argument all the more urgent. As we seek to address the problem of terrorism, using foreign aid to achieve greater global security seems a particularly important objective.

Since the end of World War II, the United States has been the main source of financial assistance for the development and reconstruction of devastated and conflict-ridden countries. Economic aid has been viewed both as a moral imperative and as a key component of a self-interested foreign policy. After World War II, the Marshall Plan was instituted by the United States to rebuild Europe quickly, with the aim of preventing the spread of communism and shoring up global economic and political security. In only four years, the Marshall Plan helped many war-torn countries reconstruct their economies and re-establish their place among the nations of the world. To this end, the United States spent approximately \$236 billion (measured in constant 2000 dollars) between 1948 and mid-1952. The Marshall Plan was so successful that in 1949, President Truman extended a similar plan, the Point Four Program, to less developed countries. By 1956, the United States was supplying nearly 63 percent of the world's foreign assistance.

Foreign Aid During the Cold War

During the Cold War era, the main objective of foreign assistance was to promote the short-term political and strategic interests of the United States. Assistance went to regimes that were political allies of the United States, including colonial powers such as Portugal and repressive authoritarian regimes such as that of Mobutu Sese Sekou in Zaire. There were no specific requirements for the proper use of the money. If the recipient stayed on good terms with the United States, usually no questions were raised about how the money was spent. Colonial powers and authoritar-

ian governments used the money to tighten their oppression, to increase their personal wealth, and to meet the private objectives of their friends and cronies rather than to reduce poverty and fuel economic development. The American public grew accustomed to images of corrupt leaders living like kings with Americans' tax money while their citizens starved in the streets. But, while the television images were accurate, they did not show foreign assistance's positive results: countries that with the help of foreign assistance have built a base for development, including the structures that can lead to independence from international aid.

Parallel to the incomplete information about developing countries presented by the media outlets was the disinterest of many American politicians. Foreign assistance didn't attract any more votes or win elections. In the United States, more than in other donor countries, the strategic importance of international aid ebbed. According to the World Bank's *Policy Research Report Assessing Aid: What Works, What Doesn't and Why*, all major donors reduced aid relative to their gross national products (GNPs) between 1991 and 1995, but the decline was sharper in the United States where aid was only 0.08 percent of GNP in 1997. According to the U.S. Agency for International Development's *Foreign Aid at a Glance*, the United States was, at that time, the smallest contributor in terms of GNP. In fact, the median for donor nations was 0.3 percent of GNP, nearly three times that of the United States.

The average American was unaware of how small the U.S. contribution had become. In November 1993, a poll showed that a majority of Americans believed that 20 percent of federal government spending went to foreign aid. Given what they saw on television, it is not surprising that they said they would rather "bring back" the money and use it at home.

Foreign Aid in Post-Cold War Foreign Policy

With the fall of communism at the end of the 1980s, U.S. foreign assistance lost its obvious link to national security objectives. No consensus had emerged concerning what the new overarching rationale for American aid programs should be. The Clinton administration promoted "sustainable development" as a part of its foreign policy. To accomplish this objective, U.S.AID articulated six related goals: achieving broad-based economic growth; building democratic systems; stabilizing world population and protecting human health; sustainable management of the environment; building human capacity through education

Ms. Santos, a Joint Center Summer 2001 intern, is an International Studies major at the City College of New York.

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Foreign Assistance

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and training; and meeting humanitarian needs. Yet foreign assistance during the eight years of the Clinton administration totaled a meager \$149.2 billion. In the decade of 1989 to 1999, America's contribution to the creation of a better world amounted to only \$33 a year per U.S. citizen. By contrast, Denmark's contribution works out to \$326 for each of its citizens.

In its first few months, the Bush administration made clear its intention to detach foreign policy from foreign assistance altogether and instead rely on private investment to meet the economic needs of underdeveloped countries. According to the *Washington Post's* Charles Krauthammer, the new administration "is willing to assert American freedom of action and the primacy of American national interest." In a June 8, 2001, editorial, he wrote, "Rather than contain American power within a vast web of constraining international agreements, the new unilateralism seeks to strengthen American power and unashamedly deploy it on behalf of self-defined ends." As a part of this unilateralism, the administration attempted to step away from existing treaties, relinquish the nation's historic role as a broker in international disputes, and back away from its commitment to help the poor. It requested further reductions in the foreign aid budget, planning to spend only \$10.9 billion on development and humanitarian aid for the next year (\$2.5 billion less than the annual average in the 1980s). Increasingly, it seemed that the United States was abdicating its role in the "creation of a better world" and would have to depend on others to shape the global future.

The events of September 11 have abruptly ended the notion that the United States can "go it alone." Whether this new realization of our global connectedness—both economic and political—will result in a different attitude toward foreign assistance remains unknown.

Mozambique: A Success Story

In 1992, after 300 years of Portuguese colonial rule, a 15-year struggle for independence, and a decade of civil war, Mozambique was the world's poorest country. Almost 10 years later, this nation of nearly 17 million is still near the bottom of the world's poorest countries, but compared to many other least developed countries (LDCs), its future looks bright. According to the European Union's *The Courier*, between 1990 and 1998, in a period where half of the LDCs saw their real gross domestic product (GDP) per capita decline or stagnate, Mozambique experienced a rise in GDP. With the help of \$1 billion a year in international aid, Mozambique has been able to raise literacy, rehabilitate its health sector (infant mortality rates are falling, as well as the number of cases of fatal diseases such as polio), improve its economy, and attract private investments. Today, it has the fastest rate of GDP growth in the world.

The case of Mozambique shows how foreign assistance can open new commercial opportunities and thereby improve the future of the American economy as well. After

the first elections in 1994 and with international support, fundamental changes are occurring in Mozambique as economic and political reforms proceed hand-in-hand. Beginning in the late 1980s, the United States led a combined international effort to promote peace and stability and to start reconstruction of Mozambique's economic fabric and infrastructure. Together with other donor countries, the United States provided leadership in forging a peace process. Afterwards, the United States (through U.S.AID) supported the demobilization of more than 90,000 troops, 80 percent of whom were armed at the time of the peace agreement, and helped reintegrate them into civilian life by providing farm supplies and job training. Capacity building was the main objective—helping men, women, and children, some of whom never had the opportunity to start and maintain a normal life in civilian society. The seeds for a successful peace were sown.

After these small steps, American foreign aid embarked on other objectives, such as clearing landmines, rehabilitating rural roads, providing seeds and tools for over 2.5 million people and primary health care for over 1.5 million people, and providing fresh, safe water to communities. Mozambicans began to recover their human dignity. For the first multiparty elections in 1994, U.S.AID funded the training of election officials, civic education programs and transportation support for registration and voting, enabling over 80 percent of the population to register and 85 percent of those registered to turn out and vote in the presidential and legislative elections. This assistance helped to produce what the U.N. Secretary General's Special Representative called "the best elections ever held in an African country." The basis for the birth of a democracy there was assured.

Partly as a consequence of well-managed U.S. foreign assistance, Mozambique is becoming a genuinely democratic state. Human development is progressing, and economic growth is a reality. Mozambique offers new opportunities for business and new markets for American products. American citizens can say that Mozambique is becoming a part of the world they envision for the future and proudly say that they helped make it happen.

Rethinking the Purpose of Foreign Aid

For those who see foreign aid as a "rip off" of American tax payers, maybe it's time to rethink that notion. Skeptics of government aid must realize that no amount of private investment overseas can save an equal amount of money for the U.S. treasury while at the same time bolstering national security. On the other hand, cutting foreign aid can result in much larger expenditures of American money. Kurdistan provides a good example. In the mid 1990s, the United States failed to provide \$2 million to supervise the cease-fire between Kurdish factions in northern Iraq. Hostilities then resumed between the groups; Saddam Hussein's forces took advantage of the fighting to massacre Kurds. As a consequence, the United States, as part of the United Nations peace force, ended by spending much more than the \$2 million it could have invested earlier. Not supporting or

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The Political Landscape, Then and Now

The Joint Center's David Bositis Discusses How American Politics Has Changed Since September 11

On September 11, 2001, without warning, the world changed abruptly. Nothing in American life is the same, including politics. For political analysts such as the Joint Center's David Bositis, the terrorist attacks on that day have swept away the political environment as they knew it. In the past, even major political events that seemed expected or sudden, such as Vermont Senator Jim Jeffords' renunciation of the Republican party, happened in a well-understood context. But we must now try to sort out what will happen to us and our country militarily, politically, economically, and socially as a result of the September 11 tragedies. The changes are bound to be massive and in some ways not yet knowable.

Before the attacks, political analysts based their projections on certain assumptions that seemed the bedrock of American political life—the relationships between the political parties and the central issues of political debate. Domestic issues were at the forefront of the public's thinking and consequently the thinking of their public officials—education, social security, health care, the environment, and energy. Foreign affairs were barely on the radar screen. Conservatives like Charles Krauthammer were calling it “The New Unilateralism,” a term that may rival “Peace in our time” for its simplemindedness. Under this rubric, American foreign policy was set to pursue narrowly defined U.S. self-interest without much regard for the rest of the world. The Bush administration sought to back out of treaty obligations, abdicate our role as a peacemaker in the Israeli/Palestinian conflict, and cut back foreign aid to impoverished nations.

On September 11, we were vividly reminded that we are connected to the rest of the world, just as other nations are connected to us. Many of the issues that occupied us before seem less important now. To help us understand how the American political landscape has changed, Kitty Garber, interim editor, interviewed David Bositis, Joint Center senior research associate and political analyst.

BOSITIS: Before we get started, I would like to make it clear that I don't usually comment on matters if I don't think I have a good understanding of them. But these are, of course, extraordinary circumstances.

GARBER: Before the terrorist attacks, you had a good understanding of the political landscape. I'd like to look at some of the important domestic issues that were on the agenda before the attacks. First, concerning the political atmosphere itself—the relationship between Democrats and Republicans—how long will the current mood of unity and cooperation last before divisions resurface?

BOSITIS: I think it is likely that the present harmony between the parties, the desire to remain united in the face of this threat, will remain at least until after the first of the year.

GARBER: What do you see as the fundamental changes in the political landscape?

BOSITIS: Before September 11, most of the issues and trends favored the Democrats over the Republicans—the budget, tax cuts, social security, health reform,

prescription drug benefits. The education issue was probably a wash. Even though education is traditionally a Democratic issue, Bush had made education a central issue in his campaign and the early days of his administration. Even in foreign policy, which isn't typically an area that favors Democrats, they were doing better than the administration, which was receiving considerable criticism from home and abroad.

GARBER: What about the economy?

BOSITIS: The economy was already heading for a slump. The administration's predictions on the surplus were being challenged, and many were beginning to question the wisdom of a tax cut with the budget surplus shrinking. At this time, the September 11 attacks have thrown the global economy into turmoil so it is hard to blame the Republicans for that.

GARBER: What will happen to these issues now?

BOSITIS: Most of them will get pushed to the back burner. I imagine an education bill will pass because it

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Interview

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involves a relatively modest amount of money and isn't terribly controversial. But we aren't likely to see anything happen on election reform, prescription drug benefits, or other domestic issues. And even issues relating to how to preserve the surplus and protect social security have become moot.

GARBER: *What about redistricting and the upcoming 2002 elections?*

BOSITIS: Before September 11, redistricting appeared to be a wash, favoring neither Democrats nor Republicans. With regard to the 2002 elections, Republicans were more vulnerable in the U.S. Senate because they have more contested seats. A number of prominent Republican senators had announced that they would not run again, including Jessie Helms of North Carolina, Phil Graham of Texas, and Strom Thurmond of South Carolina. Before these facts, Bush's waning popularity, and the closeness of the last election, the Democrats had to be optimistic about their chances in 2002, not to mention 2004.

GARBER: *So the issues that favored the Democrats are no longer at the top of the agenda. What are the relative positions of the parties on the issues that have emerged?*

BOSITIS: Defense issues, even in ordinary circumstances, tend to favor Republicans. It's the "Daddy" party and "Mommy" party dichotomy. Republicans are the Daddy party; and voters historically look to Daddy in times of concern about national security. Democrats are the Mommy party: Voters trust them on issues such as health care, social security, and education. As I already mentioned, for the time being, the Democrats have lost the economy as a campaign issue because of the turmoil from these attacks.

GARBER: *Let's look at how all this affects the future of the most prominent black American in this administration, Colin Powell. How do you think this*

will affect his political future?

BOSITIS: It can only be a plus. Before September 11, even though he was Secretary of State, he was not in a highly visible public role within the administration. He was in the background because foreign policy issues were in the background. His voice was not carrying the day within the administration; conservatives such as Condoleezza Rice were dominating those issues. Now that it is essential to assemble international coalitions, Powell's expertise and persona become crucial for the administration. Consequently, he is front and center. His stock goes up each day. He can hardly lose. In addition, Cheney has gone out of his way to become the invisible man since the September 11 attacks. So that leaves Powell as the administration's most visible spokesman. Not long ago, the likelihood of the nation electing a black president was remote. I think anyone would now consider Colin Powell to be at the top of the top tier of candidates. It's just a matter of whether he wants to run and when.

GARBER: *At press time, disagreements were reported between Powell and other members of the administration about how to approach retaliation for the September 11 attacks, with Powell favoring an approach that involves more diplomacy and nonconventional means rather than relying heavily on military action. In some quarters, he is even seen as "defying" the President. What is your take on this?*

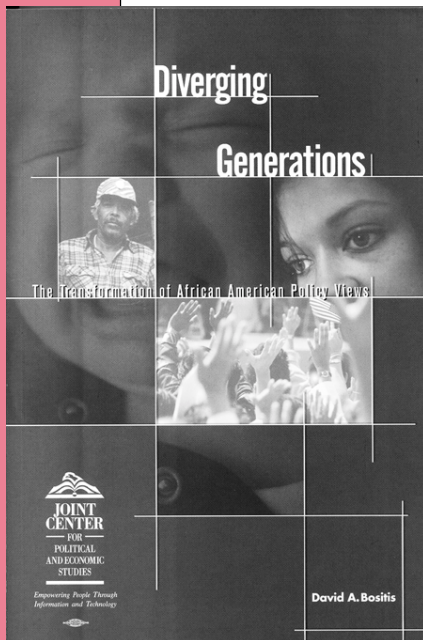
BOSITIS: I think some members of the press do not understand the Powell Doctrine, which says that before we engage the military we need public support, the commitment to use overwhelming force, and an exit strategy. Powell is being the voice of caution within the administration, which is something they definitely need. It isn't a matter of hardliners versus moderates, but of the roles that people in the administration play. ■

Joint Center New Releases



Empowering People Through
Information and Technology

Three new publications from our Divergent Generations Project document and analyze the differences that are emerging between older and younger African Americans in their policy views, community aspirations, and political participation. All three publications draw on the Joint Center's unique and well-regarded national polling data and include detailed charts and tables.



Diverging Generations: The Transformation of African American Policy Views. David Bositis.

2001. 88 pages. \$20.00



The Political Perspectives of Young African Americans

—A National Opinion Poll Special Report—

By David A. Bositis

This survey focuses on the political participation of 18-to-35-year-old African Americans. It is an important subject, because these young adults have been voting at substantially lower rates than older African Americans, including those who came of age during the civil rights era, when African Americans in the South generally gained the right to vote. In the 1998 midterm election, out of the 18-to-24-year-old African American population, only 13 percent of the men and 18 percent of the women voted (according to the Census Bureau's Current Population Survey). Even in the next age group, 25-to-44-year-olds, only 34 percent of the men and 40 percent of the women voted.

These low rates of participation are of concern not only because of what they portend for the future—and for the voices of African Americans in the political process—but also because of their current impact, since 62 percent of the African American voting-age population is under the age of 45.

The following analysis is divided into four sections. First, young

African Americans' partisanship is examined. This is followed by an examination of their views on issues, then one of the media, and their attitudes toward political participation and voting.

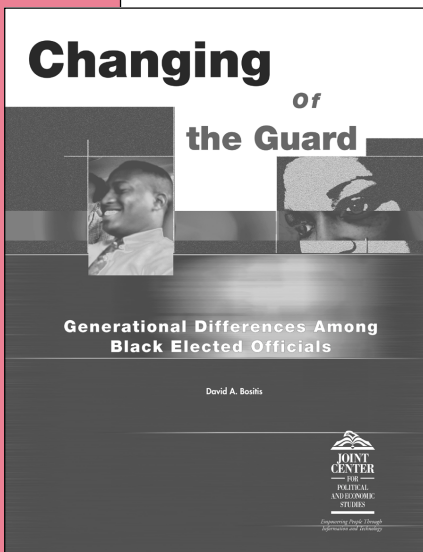
Partisanship

Like most African Americans, those in the 18-to-35 age bracket (hereinafter referred to as "young adults") are predominantly Democrats in partisanship (62 percent identified themselves as Democrats). However, this majority support for the Democrats is substantially weaker than it is among older blacks, who solidly support the Democrats (more than 80 percent supporting them, in recent Joint Center surveys). Younger African Americans are not as a rule Republicans—only six percent identify with the GOP. They are increasingly identifying as political independents, with 30 percent characterizing themselves that way. When young black political independents were asked if they leaned toward one party or another, the Democrats' total increased to 76 percent and the Republicans' total to 11 percent. However, the views and behavior of independents who say they lean toward one party or another are not the same as those of genuine partisans.

As in the general population, among blacks young women are more Democratic (70 percent, but 81 percent if Democratic-leaning independents are included) than young men.

Joint Center for Political and Economic Studies

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Changing of the Guard: Generational Differences Among Black Elected Officials. David Bositis.

2001. 34 pages.

\$15.00

The Political Perspectives of Young African Americans.

David Bositis. 2001.

8 pages. \$10.00

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Foreign Assistance

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maintaining effective foreign aid can be costly to U.S. interests. It is more beneficial and cheaper to invest in the welfare of potential friends than invest in defending against real enemies.

Aside from other benefits, investing in a peaceful world is an investment in new markets. U.S.AID argues that sustainable development helps in “the promotion of U.S. economic prosperity through the creation of new markets and the prevention of crises that might otherwise require large U.S. military expenditures to resolve.” If in 1999, developing countries consumed 41.6 percent of U.S. exports (7 percent more than in 1990), it can be easily imagined how much many of these countries would import if they were more developed. Foreign aid must become a win-win solution.

U.S. foreign assistance has helped to promote peace, open markets, strengthen democracies, reduce poverty, provide humanitarian relief, and protect people from diseases all over the world. Rates of infant mortality are also declining. With foreign aid, literacy rates are improving, and democracy is beginning to flourish. What is less well appreciated is the potential of foreign aid to contribute to national and global security. ■

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TRENDLETTER

POLITICAL REPORT

By Mary K. Garber

American Muslims and Others Face Discrimination in Wake of Attacks

The terrorist attacks in New York and Washington on September 11 resulted in nearly 7,000 deaths. Despite calls for tolerance by the Bush administration, many Americans of Middle Eastern descent, as well as other persons mistaken for Muslims, now face discrimination and threats in their neighborhoods, businesses, and places of worship. Women who wear veils are fearful of trips outside their homes, children are refusing to go to school, and men are afraid to board airplanes. To date, nationwide there have been more than 300 reports of incidents against Arab Americans since the attacks, according to the Arab American Anti-Discrimination Committee, and three murders that appear to be hate crimes. Mosques have also been targeted and defaced.

Aware that fear and anger would sweep the country in the wake of the September 11 attacks, the Bush administration from the beginning emphasized the need to distinguish between foreign terrorists and peaceful American citizens of Arab descent. Attorney General John Ashcroft exhorted citizens not to descend to the levels of the terrorists, reminding

them that American Muslims were injured and killed in the attacks and shared in the grief of the American people. Bush himself visited a mosque in Washington, DC, to illustrate the administration's commitment to safeguarding Muslim citizens.

The administration had another goal as well. With Secretary of State Colin Powell engaged in delicate negotiations to bring the Muslim countries of the Middle East into a new coalition against terrorism, it was imperative to show that the United States is not engaging in a fight against Islam. Shortly after the attacks, the Civil Rights Division of the Justice Department set up an initiative to combat post-terrorism discrimination under the aegis of its national origin working group. The U.S. Equal Employment Opportunity Commission also called on employers to be on the lookout for harassment in the workplace.

The Justice Department believes that terrorists connected with September 11 are still at large. And its list of suspects features Muslim men from Middle Eastern countries. In addition, complaints have been leveled at the Department of Justice investigators themselves. Some Arab Americans complain that they have been singled out and harassed by the FBI despite a lack of evidence that they are in any way connected to the terrorists.

Many Arab Americans have been quick to point out that they have also experienced acts of kindness from

their friends and neighbors seeking to reassure them. In recent weeks concerned citizens have held rallies to show their support for their Muslim neighbors and their businesses, mosques, and schools. Says Dr. James Zogby, President of the Arab American Institute, "In the more than 30 years that I have been fighting discrimination and bias, I don't know that I have ever felt this much support. This is America at its best, and it is most gratifying."

Anti-Terrorism Provisions Worry Civil Libertarians

Within days after the terrorist attacks, Attorney General Ashcroft was calling for the Congress to give the Justice Department expanded powers in the fight against terrorism. The administration quickly drafted anti-terrorism legislation that called for expansion of the government's wiretapping authority, its ability to detain and deport immigrants without court review, and easing of rules restricting disclosure of secret grand jury testimony. The legislation would also increase penalties for persons who harbor terrorists and eliminate the statute of limitations for the prosecution of terrorists.

Despite administration pressure to act quickly on the package, members of the House and Senate Judiciary Committees, who must act on the measures, expressed reservations about the constitutionality of many of the provisions and the wisdom of acting

too quickly. Representative John Conyers (D-MI), who is the ranking Democrat on the House Judiciary Committee, spoke for many of the members when he told Ashcroft that a number of provisions “give us constitutional trouble.”

Ashcroft assured members of Congress that the package had been carefully drafted to meet constitutional requirements protecting citizens’ rights. He also stressed that the committee needed to act quickly so that the FBI would not be hampered in its attempts to investigate the attacks and protect the public. Among those expressing alarm over the scope of the proposed legislation were more than 150 groups on both the right and left that are hardly ever politically in sync, including the American Civil Liberties Union and the ultra-conservative Rutherford Institute. Despite concerns about particular provisions in the anti-terrorism bill, the new spirit of Democratic and Republican cooperation in the wake of the terrorist attacks is likely to ensure agreement on a compromise version within a few weeks.

High Court Takes Vouchers and Death Penalty Cases

On September 25, 2001, the U.S. Supreme Court announced that it will take a Cleveland, Ohio, case questioning the constitutionality of school vouchers and finally give a definitive ruling on the permissibility of public subsidies of parochial education. (See July/August Focus.) This summer the Bush administration joined with the State of Ohio in asking the High Court to review a lower court ruling that found that the Cleveland program violated the constitutional separation of church and state. Established by the Ohio State legislature in 1995, the program gave 3,700 students, mostly from low-income

families, vouchers worth up to \$2,250 to attend the private or public schools of their choice, including religiously affiliated schools. More than 96 percent of the students then used the vouchers to attend parochial schools. Two other states—Wisconsin and Florida—also have school voucher plans that will be affected by the High Court’s ruling.

Proponents of vouchers hope that a favorable ruling from the court will revive flagging public interest in school vouchers as a means of reforming public education. They contend that public schools will improve if they are forced to compete with private schools for students and that all students should have the right to choose where they go to school. Aside from the issue of their constitutionality, opponents charge that vouchers siphon off needed money from public schools, address the educational needs of relatively few students, and leave public schools with fewer resources to educate the great majority of students, including those who are the most difficult and expensive to teach. President Bush was forced to eliminate his vouchers proposal from his educational reform bill in the face of congressional opposition.

The High Court’s conservative majority is widely expected to favor school vouchers, with certain constraints. In recent years, the court has held a lenient interpretation of the constitutional separation of church and state, ruling that public money can go to religiously affiliated organizations as long as there is no bias shown for any particular faith. The Court’s decision could affect Bush’s faith-based initiative, which gives federal funds to social service organizations run by religious organizations and other nonprofits.

The court also announced its intention to rule on the constitutionality of executing defendants who are

mentally retarded. It had originally intended to use a North Carolina case as the vehicle for considering the issue; however, the North Carolina legislature voted to prohibit execution of the mentally retarded in that state, rendering the decision in that case moot. So the justices instead opted for a Virginia case involving a man with an IQ of 59. (Mental retardation is generally defined as having an IQ lower than 70). Daryl R. Atkins was convicted in 1998 of the 1996 murder of an airman assigned to Langley Air Force Base in Hampton, Virginia. Although Atkins confessed to police shortly after his arrest, his lawyers contend that he does not have the mental capacity to understand the charges against him or to participate in his own defense.

When the court last looked at this issue in 1989, it decided that there wasn’t compelling evidence that the public overwhelmingly disapproved of executing mentally impaired persons since only two states, Georgia and Maryland, barred the practice. Since that time, 16 more state legislatures have acted to explicitly forbid execution of the mentally retarded. Combined with the 12 states that forbid executions altogether, this makes a clear majority of states that do not allow the mentally retarded to be executed.

Other cases that the High Court accepted include review of a Ninth Circuit Court ruling that struck down a zero tolerance policy that evicted families from public housing if a member of the household was arrested for using drugs. At issue is whether enforcement by the U.S. Department of Housing and Urban Development went beyond what was intended in the legislation because it allowed no exceptions for people who did not know about the drug use or were unable to stop it.

ECONOMIC REPORT

by Margaret C. Simms

September 11 Hits Close to Home

The events of September 11, 2001, have affected all residents of the United States in one way or another. While the most immediate impacts have been personal and psychological, the economic effects may be the most widespread, especially for African Americans. Before that day, the economic situation was already precarious. The leading indicators for the month of August (released in late September by the Conference Board in New York) showed a decline for the first time since early 2001. These indicators move in advance of changes in overall economic growth and a decline usually precedes a downturn in the overall economy. Seven of the ten indicators went down, including the indices of consumer expectations, stock prices, building permits, and weekly manufacturing hours.

Overall unemployment for the United States rose in August. In one month, the unemployment rate increased 0.4 points to 4.9 percent. The unemployment rate for African Americans crossed back over the 9.0 percent rate for the first time since 1998. Additional bad economic news was reported by the Bureau of Labor Statistics (BLS) which noted mass layoffs for the month of August. Nearly 1,500 firms laid off at least 50 workers each, for a total of 163,263 workers. This was the highest number for the month of August since the statistical series began in 1995. While BLS noted that the number of weeks in August 2001 (five, as opposed to the usual four) may have played a part, the total numbers of firms and

workers involved in mass layoffs for the eight months of 2001 were also substantially higher than they were for the first eight months of 2000.

While these reports do not reflect the events of September 11, they indicate that the negative economic effects of that day's events are hitting an already shaky economy.

Impact on Travel Related Industries

Because the terrorists used airplanes as weapons of mass destruction, the airline industry was immediately affected. Once commercial planes were allowed to fly again it was obvious that air travel had fallen off dramatically. Many of the airlines were in precarious economic positions before September and were not prepared to pursue a "wait and see" policy before cutting flights and staff. Airline safety regulations have compounded the problem by eliminating curbside check-in for the short term and making it much more restrictive for the long-term, drastically reducing work for skycaps. Reduced air travel has rippled through related businesses, including airport vendors and taxicabs. In regions that rely heavily on tourism, in-town hotels, restaurants, museums, and amusement parks are already feeling the effects of reduced travel.

Many of the lost transportation and tourist-related jobs were held by African Americans. While many of these jobs do not pay well, they have provided steady wages for many black families. In an age of welfare reform, hotel jobs have provided entry points for many inexperienced workers, and hotel chains like Marriott have made special efforts to reach out to welfare leavers. Among hotel and motel workers, African Americans have been disproportionately represented in occupations such as maids, janitors,

sales staff, and hotel clerks. While African Americans have been approximately 12 percent of the employed workforce, they have been at least 20 percent of those holding many of the jobs that constitute the backbone of the travel-related workforce. (See table) Unfortunately, the industry-focused bailouts that Congress is authorizing have not included protections or displacement provisions for an estimated 100,000 workers losing their jobs in the wake of this disaster.

Impact on Federal and State Budgets

The federal government's reaction to September 11 is significantly altering the nature of the budget debates and will have tremendous impact on the composition of the budget. The slowdown in the economy, combined with the large tax cut already passed in the spring, had all but eliminated the budget surplus. Faced with the need to add funds for military and national security initiatives and the cost of bailouts for the travel industry (and possibly the insurance industry), the Bush administration and the U.S. Congress will have to make some tough choices. At this point, there seems to be a consensus on allowing the budget to go into deficit for FY 2002. Efforts are under way to institute a fiscal stimulus package that will pump even more money into the economy. Labor advocates and some members of the Congressional Black Caucus see this as an avenue for getting relief to workers who have been laid off in the past month. However, critical decisions remain regarding programs that affect African Americans.

While African Americans might benefit from expanded military and national security spending, there will be negative effects if important domestic programs are cut. Education

was a national priority before September, and support for community-based programs and various employment and training initiatives was also on the agenda. Temporary Assistance to Needy Families (TANF) is scheduled for reauthorization in 2002. The welfare roles were drastically reduced over the five-year period since TANF was implemented, but the strong economy may have had more to do with that than anything in the 1996 legislation. With an economic slowdown in progress and possible restructuring in industries that provided entry-level jobs, it is likely that more people will be looking to welfare for support and fewer people will find jobs to take them off the rolls. Reauthorization must be carefully crafted so that undue suffering does not take place.

It is unlikely that the federal government will be able to hand off the problem of welfare reform reversals to the states this time. Many states are suffering from tax revenue shrinkage. The downturn in travel is heightening those problems in states that are heavily reliant on tourism. Some, such as Florida, raise a significant proportion of their revenue from tourist-related sales tax receipts and have few alternatives to fall back on. Since states, unlike the federal government, cannot run deficits, their choices are going to be even more painful. African Americans and other minorities are heavily concentrated in a number of these hard-hit states.

Impact on Wealth Accumulation

Clearly, the impact that changes in the economy and government funding priorities will have on African American employment is extremely important and should be cause for concern. But there are other eco-

nomics impacts as well. During the past decade, African Americans have just begun to invest in the stock market, either as individuals or through work-based pension funds. The severe downturn in stock prices will harm those who are either close to retirement or already retired. But it may also have an impact on many African Americans who have only recently found the resources and courage to go into the market.

African American entrepreneurs are also likely to be affected. In the past decade, the number of African American business owners has increased rapidly, up 25.7 percent over the 1992-1997 period compared to a 6.8 percent increase for all U.S. firms. Large African American firms have not only increased in number, their average annual sales have increased as well. According to *Black Enterprise* magazine, the number gross sales of the 100 largest black-owned industrial service firms and the top 100 auto dealerships jumped 23 percent between 1999 and 2000, to reach a total of \$19.7 billion. Many of these companies will find themselves struggling to hold on to their markets or may be hampered in fulfilling expansion

plans due to a drying up of venture capital. Advice to these companies from venture capitalists might be to “think new technology”—security or video conferencing, according to the *Wall Street Journal*.

Finding Relief

As the Congress and the states develop policies to turn the economy around, the needs and concerns of African Americans and other minorities must be taken into consideration so that these groups do not bear a disproportionate share of the pain. Proposals are beginning to come forward. Advocates for minority groups should examine each of them for their likely impact on the economic problems of those they care about.

For additional statistics on employment related issues, visit www.bls.gov. The Library of Congress carries information on post-September 11 legislation at <http://thomas.loc.gov>. For information on alternative stimulus packages see the Economic Policy Institute’s briefing paper, “Addressing the Nation’s Needs, www.epinet.org.

SELECTED TRAVEL AND TOURISM RELATED JOBS HELD BY AFRICAN AMERICANS 1999-2001

Industry and Occupation	African Americans as a % of the Workforce	Number of Jobs Held by African Americans
AIR TRANSPORTATION		
Baggage Porters	33.9	2,960
Freight, Stock, and Material Handlers	17.9	6,143
Ticket and Reservation Clerks	21.3	6,502
EATING AND DRINKING ESTABLISHMENTS		
Cashiers	27.2	35,636
Cooks	14.6	48,825
Waiter Assistants	12.7	12,037
HOTELS AND MOTELS		
Hotel Clerks	21.4	5,091
Maids	25.3	11,379
Janitors and Cleaners	25.7	616

SOURCE: Census Bureau, *Current Population Survey*; calculations by Joint Center DataBank staff.