Globalization, Inner City Crime and the Coming Legitimacy Crisis

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**Abstract**

The presence of crime in society today is a multifaceted problem. It is the result of many factors and no attempt will be made here to explain all crime. What can be said is that the economic forces of globalization have set in motion a group of circumstances that have created environments that are friendly to the formation of criminal activity and have led to a legitimacy crisis in American society. Many community factors recur as correlates of crime and victimization. Those include concentrated poverty, residential mobility and population turnover, family disruption, and population density. All of these things have been influenced by globalization and all contribute to the problem of crime. I argue that through a better understanding of the global forces that are at work in the inner cities, (including world systems, world polity, and world culture theory) law enforcement officers and policy makers can better understand crime and better address the problem through proactive policy implementation. These policy implications include the adaptation of enterprise zones and micro-loans, a broader implementation of school vouchers, and the decriminalization of some narcotics. I argue that the failure of policy makers to recognize the issue of inequality that has been progressing over the last several decades and to react to it, will lead to a general legitimacy crisis in society.
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**Introduction: Crime and Society**

The presence of crime in society today is a multifaceted problem. It is the result of many factors and no attempt will be made here to explain all crime. It is possible, however to recognize that characteristics within society that have traditionally been associated with crime including for example poor neighborhoods, weak family structures, high rates of unemployment, and failing public schools are indicative of crime but cannot be used to explain overarching mechanisms of crime. Those social circumstances (and many others) are symptoms of crime and they, themselves, are caused partly by overpowering forces that many people, including politicians and others in positions of power, cannot control. The economic forces of globalization have set in motion a group of circumstances that have created environments that are friendly to the creation of criminal activity and have led to a legitimacy crisis in American society.

Just as the Industrial Revolution was the most influential social event of the last 100 years, the Information Revolution will likely be the most profound social event of the next 100 years. The essence of the Industrial Revolution was the substitution of competition for the mediaeval regulations that had previously controlled the production and distribution of wealth (Toynbee, 1956). The social displacement that occurred during the Industrial Revolution led to an increase in many of the comparable circumstances that made crime more likely in the 20th century. Things like the concentration of populations in dense environments and the impersonal nature of relationships among neighbors were accelerated during the Industrial Revolution.
More changed during the Industrial Revolution than just the way goods and services were produced. The role of the family and the home, the type and method of work, the place of women and children in society, the role of religious authorities, the ways in which people chose their leaders and supported their poor, and demands for improved educational access. All these things and many more were altered more radically and with greater speed than ever before (Mokyr, 1999). The social movement of the Industrial Revolution led to a general legitimacy crisis in the 1930s and prompted radical governmental change. Likewise, modern society has its own radical social upheaval to reconcile.

The last two decades have seen major changes in economic and social policy in both developed and developing countries. There has been a reversal of governmental action that has moved some policy back towards the non-interventionist stance of governments that was dominant before the Second World War (Tomlinson, 1990). These changes have been manifested in both economic and social arenas and have been broadly defined as “liberalization” or yet more broadly as “globalization.”(Hurrell, 1999).

During the past few decades, the world economy has experienced dramatic, rapid changes. These changes have affected manufacturing, resource consumption, and the creation of wealth. International integration of financial activities and emergent interdependency of nations and regions have defined globalization. Organizations of movements in goods and services, wealth, banking systems, individuals, and information are connecting nations. The logic of growth driven by globalization has benefited some regions and cities more than others. In general, the developed world has benefited, while many developing countries have been marginalized. Within developed countries the
centers of finance, business and high-tech industries have benefited, while cities
dominated by traditional blue-collar employment have suffered (Fu-Chen, 2001). Just as
the Industrial Revolution created a legitimacy crisis in American politics in the 1930s,
globalization is moving the United States towards a legitimacy crisis today. This crisis
has become manifest in the form of increased criminal activity.

Some crime exists because societies need to define deviance in particular terms.
Specifically, by defining crime in particular ways, societies can solidify the social
contract and enforce the underlying conditions upon which their society was founded.
Thinkers like Emile Durkheim made this theoretical argument most clearly (Blend et al,
1960; Sutton, 2001). Still other theories argue that crime exists because (to paraphrase
the words of Stanton Samenow) some people are just evil (Samenow, 1984).
Interestingly, while this theory has developed something of a modern following, it is
similar to very early theories of crime where individuals were said to be possessed or
controlled by supernatural forces (Cullen, 2003).

Crime today also cannot be completely explained by the perseverance of racist
societal attitudes and associated factors such as racial bias in the police and the criminal
justice system. Some racial motivations do create deep and serious difficulties but one
cannot lay the entire problem of crime at the feet of racism. Even the destructive effect
of youth unemployment, another legitimately negative force, cannot explain everything.
Generally, youth unemployment has been used to explain the less serious behaviors like
common delinquency and has not been particularly good at explaining more serious
crime like assault and robbery (Hagan, 1968).
The Legitimacy Crisis

Many writers today who argue that crime is caused by poverty, poor family structures, poor educational systems, drug and/or alcohol addiction, bad neighborhoods, or because people are “just plain evil” all miss the point. The central theme that many “one issue” criminologists/sociologists miss is the fact that deviancy in society exists, in part, because many of the individuals who commit crime do so because they sense that they do not have a stake in society. To them, the nation is suffering from a legitimacy crisis. This idea is not new, but it has traditionally been associated with political systems on a national level (Kamrava, 1992). Here it will be applied to describe crime at the local level. It is the lack of hope, living in a world of fallen dreams that is a basic feature of people who are socially disadvantaged (Robins, 1992). This lack of hope is a significant aspect of legitimacy crisis.

The notion of legitimacy crisis theory has its basis in the combination of legitimacy theories (Franck, 1990) and crisis theories (Rich, 1997). It is associated in particular with the German social scientist Jurgen Habermas (Habermas, 1991). He argues that modern capitalist societies are undergoing a legitimacy crisis whereby the supports for both governmental and economic institutions are being systemically eroded. Habermas’s account of the legitimacy crisis includes both political and economic social relationships. He argues that the failure of existing institutions to meet the ethical criteria, which would justify their acceptance, is leading to a general crisis (Barker, 1990).

Legitimacy crisis theory is based on two central problems and the modern state must fulfill two often-contradictory functions if it wants to survive. First, it must create
the conditions favorable to capital accumulation. The notion of Agency vs. Structure argues that a society will make the best possible use of its capital and so find it easiest to arrive at surpluses to invest if it follows a system of natural liberty (Eltis, 2000). This concept of governmental behavior calls for greater and greater investment, not just in physical capital, roads, airports, and communications but also in social capital (Krishna, 2002). This includes a healthy, well-educated, and productive workforce (Marshall, 1974). Secondly, the state must legitimate itself by creating conditions that promote social and political order (Shils, 1971). This has traditionally called for increases in health, housing, unemployment, and income maintenance. In short, an increasingly expensive welfare state (Hasan, 1997).

As populations increase, the system will strain to meet these demands and force the state to face a fundamental contradiction: too little expenditure on public welfare runs the risk of serious social and political unrest, even revolution; too much expenditure on social welfare eats into capital profits and deprives the accumulation process of resources and profit. Among 335 metropolitan United States areas in 1990, 22 had population increases of 250,000 or more from 1980 to 1990 (Downs, 1994). The pressures created by massive population increases, will only seek to increase the pressure on public entitlement systems. For example the oldest baby boomers, born in 1946, have 36 years of life left, on average (Russell, 1987). On the one hand, governments cannot reduce social expenditure without serious risk of electoral defeat or social disturbance; on the other hand, they must reduce social expenditure and increase investment expenditure in order to support capital. Unable to resolve the incompatible demands of citizens, who want better and more expensive welfare provisions, and free market proponents, who
want tax cuts and infrastructural investments, the modern democratic state will run into increasing fiscal and social crisis (Ullman, 1985). While the need to maintain the status-quo in American society today exerts pressure to expand entitlement spending, the forces of Globalization exert equally powerful pressure to direct government expenditures toward the accumulation of wealth. Given that certain geographic areas benefit from globalization and those benefits improve the economy in those areas, the pro-globalization environments will tend to create environments that support low crime. Conversely, the geographic areas that are supported by large investments on the part of government do not benefit from the positive effects of globalization and those economically depressed areas will tend to create environments that are conducive to higher rates of crime.

The key to making any democratic governmental system work involves the acceptance of authority imposed by collective citizen action through their lawmakers (Bledsoe et al, 1996). The acceptance of this relationship legitimates the use of power by those who make, and apply the law. This is what Rousseau called “The Sovereign.” (Cole, 1950). Whenever there exists a problem with acceptance of the relationship there will be attempts to alter the association, gain footing within, or take advantage of, the relationship. Randall Collins has described this modern power struggle with the term “conflict moves” (Collins, 1974). The problem with acceptance of the relationship clearly describes some conflict in modern society today, especially in the inner city.

In its early days, the English tradition of welfare liberalism addressed economic concerns of property and exchange at the individual level (Slack, 1999) and political concerns of religious toleration at the collective or group level (Henriques, 1961). Later
additions include collective concerns in economic liberalism as in workers’ unions and in the provision of collective goods; and individual liberties in political liberalism (Hardin, 1999).

On a practical level, the theory of legitimacy crisis has direct and meaningful connections to the problem of modern crime. The sense of legitimacy that allows institutions to govern effectively is the same mechanism that accounts for lower crime rates. Conversely, the problem of illegitimacy and lack of faith in governmental institutions is the same justification that some criminals use as an excuse for committing crimes. The proof of this can be seen in the connection between areas where poverty is high and in areas where crime is high.

Numerous studies exist that clearly show a relationship between areas of high crime and areas of poverty. Many community factors recur as correlates of crime and victimization. Concentrated poverty, residential mobility and population turnover, family disruption, housing and population density all contribute to the problem of crime (Kelso, 1929). There are also a variety of dimensions where local social organizations contribute to the problem of crime. Individuals participating in crime infrequently maintain attachments to conventional institutions within their local communities such as churches, fraternal and mutual benefit societies, and political parties (Korbin, 1962). Other factors that contribute to crime include low density of friendships and acquaintances, lack of social resources, weak intergenerational ties in families and communities, weak control of peer groups, and low participation in community organizations by local residents (Short, 1997).
The institutions that most directly affect the mobility of people who live in the inner cities are largely outside the control of many city leaders. City governments have no control of the suburbs, where most of the jobs are being created (Boger, 1996). Regardless of an individual’s own length of residence in a particular area, residents of areas that are characterized by frequent population turnover face formidable constraints compared to residents of stable areas (Sampson, 1991). Further, areas with high rates of family disruption are likely to have fewer formal as well as informal networks that may be used for any form of social control (Hagen, 1995). When this cooperative capacity is weakened, rates of serious crime are likely to increase (Shihadeh, 1994). Increased population densities have also contributed to increased government dependency studies have shown that the greater a county's urbanity, the greater the rate of participation in public assistance (Hirschl, 1991).

On a broad scale, the issue of globalization has contributed to the decline of legitimacy in relation to governmental institutions. The decline of legitimacy among social institutions includes the deterioration of support structures in local societies prior to the Great Depression (Himmelberg, 2001) the “War on Poverty,” (Zarefsky, 1986) and the “War on Drugs.” (Inciardi, 1990). This de-evolution of responsibility has created a system that has led to an increase in crime at the local level and this decay has been brought about by globalization. These forces are largely outside the ability of elected leaders to control. They are partially created by economic forces that government has little control over.

The origins of the current system are complex and deeply rooted in the fabric of society. The Presidential campaign of 1916, in which President Woodrow Wilson
(Cranston, 1945) defeated former Supreme Court Justice Charles Evan Hughes (Friedman and Israel eds.) was the first election in which the people of the United States directly endorsed the work of a liberal President (White, 1924). Even before the end of World War I (Robbins, 1993). Wilson laid the intellectual groundwork for much of the policy that has come to dominate the social safety net of the 20th century (Hansen and Morris, 1999) Woodrow Wilson saw the need to reorder the relationship between state and society. In the "New Freedom," he argued that the corporation had ceased to be a "private relationship." Rather, the time had come "when the systematic life of this country will be sustained, or at least supplemented, at every point by government activity" (Wilson, 1961).

Building on Wilson’s vision, the aftermath of the Great Depression ushered in a period of government involvement in the lives of the people that had never been seen before. During the depths of the Great Depression, with the official unemployment rate at 25 percent (Tynes, 1996), Roosevelt proposed a new tax on both employers and employees to fund a compulsory federal old-age insurance program. The responsibility of individuals to maintain control over their own retirement and the retirements of other members of their family shifted dramatically from the individual to the federal government. Roosevelt stated his preference for social insurance as the basic means of protections for unemployment and old age were his central themes (Coll, 1993). The New Deal legislation that Roosevelt envisioned did not originally intend for the federal government to take over responsibility for the retirement needs of individual people. It was to be anticipated that old age assistance would be used to supplement low monthly benefits under the Federal old age benefits program (Wyatt, Wandell and Schurz, 1937).
Welfare dependency and by extension, poverty is a product of the moral hazards that are built into this culture of dependency that exist in the current system. The indiscriminate provision of benefits to those of working age that are not employed has undermined the work ethic, giving rise to significant and sustained levels of voluntary unemployment (Dixon and Hyde, 2001).

This problem of voluntary dependency is not limited to the area of unemployment concerns. Many other welfare programs have contributed to this problem, including AFDC. Women who never married appear to warrant special attention. Indeed, if one were to select a single variable for targeting predicted welfare duration, marital status probably would be the choice. Never-married women have especially long periods of dependence in the absence of intervention, and the group includes a sizable portion of new AFDC recipients (an estimated 43 percent) (Bane and Elwood, 1994).

After the Great Depression altered the conservative political coalition that had dominated American politics since the 1870s, the structural dynamics of two-party politics continued to encourage moderation. The Communist and Socialist parties offered radical social welfare policy agendas, but while both enjoyed significant local support, neither could compete with the two major parties at the national level (Noble, 1997). Since 1935, entitlement programs that once had clear-cut objectives have become atomized into fragments that no longer fit with the original welfare purposes or the objective of America’s other institutions (Dobelstein, 1995).

The need for a social safety net in most economies is not, by definition, a reflection of morality, nor of public action seeking to correct market failures, but is due to the uniformity of risk in men's lives and the possibility of reducing its individual burden
through some kind of mutual assurance (Lal and Myint, 1996). There are two separate issues concerning the poor. The first topic is, what is the poverty rate and how many people do not have adequate shelter and an adequate diet. The second issue asks what the distribution of income is like. The second issue is a concern of egalitarians who believe that equality of income is a fundamental social goal in itself (Gensler eds., 1996).

Over the past fifty years or so, the United States has been moving toward an international system of economic dependencies. Some people have named these phenomena, millennial capitalism (Bastin, 2004) or globalization (Kennedy and Danks eds., 2001). In an environment where there are more net taxpayers in the system than net tax receivers, the welfare system can be sustained. Problems arise when the total of the tax receipts amounts to less than the demands placed upon it by the net tax receivers. This environment exists today in many of the nation’s inner cities, and globalization is one of the fundamental shifts that have led to the crisis of legitimacy in high crime areas.

Globalization is defined as the unfolding resolution of the contradiction between ever-expanding capital and its national political and social formations (Teeple, 2000). Changes in legal institutions are commonly held to be brought about by a confluence of particular economic and political conditions that are specific to a socio-legal system (Friedman, 1995). Structural sociologists tend to emphasize the collective failures of economic and social institutions to generate adequate incomes for working people. The second system of poverty, according to Michael Harrington, consists of the “pockets” of poor people who failed to benefit from the economic abundance in the years between 1945 and 1970. These “pockets” of poverty were theorized by social scientists as the
effects of social minorities being left behind in the process of modernization (Cheal, 1999).

**Cultural “Flows”**

There have been three major flows that have accelerated the globalization process during the past three decades and have exacerbated the legitimacy crisis in America. These flows include capital, technology, and knowledge flow. These aspects of business have been catalysts for creativity and innovation in different parts of the world (Samli, 2002).

First, capital flow is simply the movement of money from one place to another. The use of the internet and worldwide financial systems has made the movement of capital very simple. Financial institutions will retain their expertise in financial matters and exploit this advantage by becoming expert in the use of financial markets to achieve the objectives of ultimate borrowers and lenders (Harpen and Chan, 2000).

Money lending financial institutions collects funds from all areas of the United States and then lends that money to those investing in profitable, expanding regions. This currency transfer results in the overdevelopment of certain regions and neighborhoods. On the other hand, the movement of capital deprives inner city (and some rural) markets of critical purchasing power. Inner city areas become dependencies of the central monetary system as well as large corporations and governments. Because of the re-importation of capital, poor communities lose power over their economy, their political decision-making, and their surroundings (Solomon, 1996). The global forces that have caused manufactures to move out of central cities and into the suburbs are also responsible, in part, for the transfer of wealth out of the inner cities. For example, in the
1960s and 1970s, loans to businesses in the inner cities were made, but many of these were not repaid. Loan losses soared above 30 and 40 percent, far higher than average loss rates (Bernick, 1997).

As cities took on new responsibilities, spending increased at extraordinary rates. Much of this money came from the federal government as a part of the War on Poverty. These included, but were not limited to, Model Cities (Frieden and Kaplan, 1975), Head Start (Zigler and Muenchow, 1992), The Comprehensive Employment and Training Act of 1974 (CETA) (Conlan, 1988), and other programs. For many large cities, these programs were a tremendous asset. The changing demographic and social complexion of those cities had created an unparalleled need for various social services to assist the aged, the impoverished, and the disadvantaged minorities. However, as the federal government cut domestic spending, many of these urban programs were eliminated or reduced substantially (Morgan and England, 1999).

Fortunately, the future is not all bleak for the inner cities. Many financial institutions have joined in the efforts to improve life in poor areas. For example, when Operation Hope was founded in the wake of the 1992 Los Angeles riots, its main goals were to return mainstream financial services to the community, to educate inner-city residents on how to manage their finances, to operate small businesses, and to lure outside investment into South Central Los Angeles (Stegman, 1999). Also, in 1996 commercial financial institutions made $18 billion in inner city loans for a variety of reasonably priced housing, small companies, and loans to “for profit” enterprise. The speed of bank commitments to inner cities is on the rise. In 1998, then Treasury Secretary, Robert Rubin pointed out that, from 1994 to 1998, bank commitments to inner
cities under the Community Reinvestment Act of 1977 (D’Arista, 1994) had amounted to a staggering $355 billion, more than 89 percent of all loan pledges made under the CRA over its twenty-year life (Grogan and Proscio).

Since 1980 Seattle, Washington’s low-income neighborhoods have experienced a flood of new, wealthier residents while maintaining the pre-existing low-income population. Instead of viewing these neighborhoods merely as competitors for scarce resources, their improvement has been seen by middle and upper class residents as beneficial, and thus in the public interest (Bright, 2000).

Looking at history from a long-term perspective, one can see that there have been at least three major revolutions where technology has dramatically influenced the socio-economic environment of society (Alkalimat, 2001). The first great leap forward was the agricultural revolution. This included the domestication of plants and animals, as well as the establishment of settled communities (White, 1959). Next came the industrial age, often called the Industrial Revolution. This period was marked by the emergence of machines that displaced, or replaced workers. This period also coincided with dramatic displacements and a rapid increase in the productivity of corporations and increases in the quality of life for millions of people (Stearns, 1998). Lastly, there is the revolution in which society finds itself today, the high-speed information revolution.

Information or technology flow has been a large factor in the development of globalization. The technological development in the decades since the 1950s has created a strong impetus for assimilation and globalization. Technology is one of the main reasons for the integrating force in international business. Technology transfer also enhances economic growth, which itself has contributed to an enhancement in world
trade. The need to acquire technology has also led to greater similarity in science and following that, a greater cultural similarity that adds another dimension to the force of integration (Agmon and Glinow, 1991).

Inner cities have suffered from a systemic transfer of information over the last several decades. Central United States cities have experienced a massive loss of manufacturing and production jobs over the last half of the 20th century. Between 1947 and 1977, twenty-six large central cities as a group lost 51.1 percent of their total production jobs in manufacturing (a total of 1,131,494 production jobs) (Fusfeld and Bates, 1984). Job loss in the 1980s also has had severe effects on employees and the larger community. Many studies have found that victims of plant closings remain jobless long after their unemployment benefits run out. Many who do manage to find work tend to suffer declines in income and job status. Physical and psychological health also suffers. Sustained unemployment leads to increases in heart attacks, suicides, homicides, mental illness and higher rates of incarceration. The "ripple effects" of job loss include the reduction or bankruptcies of neighborhood small businesses because they lose their paying customers, and cutbacks in public services, as the local tax base declines (Ackerman, 1984).

Once stable middle-class inner city communities have become socially and fiscally devastated areas. Take, for example, the Chicago neighborhood of Washington Park (Bowley, 1978). In the post World War II years, the community housed large numbers of the city’s black middle-class. Most of the residents held steady jobs, and numerous local organizations created a thriving community. Yet between 1970 and 1990, it lost almost 60 percent of its population. By 1990 the area’s per capita income was only $4,994, its
poverty rate exceeded 58 percent, and roughly half of its residents received public welfare assistance (Zielenbach, 2000).

The problem of technology transfer out of the inner cities also appears to be negatively affecting African American workers in the United States at a higher rate than other ethnic groups. An exhaustive study that appeared in the September 14, 1993, Wall Street Journal concluded that African Americans were the only racial group to lose jobs during the 1990-1991 economic downturns among the companies reporting to the Equal Employment Opportunity Commission (EEOC). Whites, Hispanics, and Asians, meanwhile, gained thousands of jobs (The New Urban Challenge, 1997).

Know how flow, sometimes referred to as intellectual capital, has been extremely important in the advancement of the global economy. Research and development (R&D) is regarded as one of the most valuable components of corporations since it is the source of new competitive advantage not only among corporations but among nations as well. The protection of intellectual capital has given rise to an ever growing, multibillion-dollar industry known as “intellectual property.” International intellectual property rights have emerged as one of the most important foreign policy issues for many industrialized countries, particularly the United States (Long, 2000). R&D is about the effective and efficient formation and use of new technology, products, and processes that may result in considerable financial return and competitive benefit (read, money) to its producers (Persaud and Kumar, 2002).

Intellectual transfer is directly related to the idea of “population flows.” This transfer of people out of urban areas and into suburban communities has dramatically affected inner cities and contributed to the modern problem of crime. During the
administration of President Dwight Eisenhower (Albertson, 1963), a federal $100 billion highway construction program linked many major cities (Gomez, 1994). States began to build as well, and they linked the cities to the suburbs. This construction was first motivated by national security concerns. It was, in fact, originally called the National Defense Highway (Windsor, 1987). Regardless, the construction encouraged the owners of capital, including well paying manufacturing jobs, to leave their old inner city environments and move to the suburbs, where they found cheap land, a largely, nonunion work force, and local governments enthusiastic about zoning according to their needs. Whites, aided by government-financed mortgages, which were generally denied to African Americans, left the aging cities (King, 1997). In 1944 Congress passed the Servicemen's Readjustment Act, or as it became known, the “GI Bill of Rights” (Langsam, 1958). The purpose was to assist returning veterans to purchase housing on a liberal basis (Beyer, 1958). Much of this housing was built in the suburbs. This economically motivated behavior depleted the inner cities of jobs, leaving behind large numbers of unemployed people, desolation, and hopelessness (Robinson et al, 1984).

When a family would move to a new home at the edge of a city, it created an opening at the old address. Typically, this would be filled by another household, which leaves a vacancy at its old address. Constructing new housing at the periphery sets in motion a vacancy chains that reaches far back into the inner city. Thus, the more rapid peripheral growth of middle-class sectors tends to leave excess housing and little need at the center of its vacancy chain. When the housing demand goes down, the price goes down as well. This opens up opportunities for the region's poor people. Gradually, working-class neighborhoods extend into working-class first- and second-tier suburbs,
middle-class neighborhoods into middle-class suburbs, and upper-class neighborhoods into upper-class suburbs (Orfield, 1997). This is all good for the economy of the suburbs, but harmful for the economy of the inner city.

In many inner cities, local businesses were driven out by increasing losses as shoplifting of merchandise caused reductions in profits. Other business leaders were co-opted by drug lords who reversed once-legitimate enterprises into de-facto shelters for drug profits, personnel, and product. Strong entrepreneurs who attempted to resist the trend purchased bulletproof glass, video cameras, industrial-strength locks, vicious dogs, and private security guards, but still found they were losing the battle against criminals who surrounded the neighborhood, intimidated customers and choked off commerce. Narcotics were also said to deplete a neighborhood’s human capital by ruining once promising lives and forcing productive members of the community to move elsewhere (Curtis, 1998).

Most cities have had to cope with a steady decline in their market positions within the urban system as a result of the diffusion of jobs, the turn down of older industries, and the departure of large, mostly skilled segments of populations to the suburbs and outlying areas. This progression of change in trade and industry has almost, without fail, driven these cities to commence efforts to rearrange their economies, mainly by promoting conversion from industrial to service-based activities. This effort has, in turn, required major alterations in their physical structure, their employment mix, and their neighborhoods. These changes have not helped large segments of inner-city populations (Kantor, 1995). Further, these changes have been brought about as a result of movements in the global economy and inner cities have simply been subject to the same economic
forces that have shaped the economies of the suburbs.

**Hard, Soft and Economic Power**

In many cities, development policy has been formed by forceful changes in the post World War II political economies (Kitchen, 1990). Globalization and the changing nature of relationships that goes along with it have created fundamental displacements within society and they have dramatically altered relationships in the inner cities. Those displacements largely involve hard, soft, and economic power.

Social institutions have several types of power at their disposal. There is hard power, which includes many of the aspects of the criminal justice system. The local police department, sheriff’s office, and corrections departments are clear examples of hard power. There is economic power, which may best be described as banking systems and other forms of financial sector economic activity that occurs at the local level. Lastly, there is soft power which can be described as the subtle or influential power that a community exerts. This is the ability to persuade people about the rightness or superiority of a particular environment based on the subjective value that is placed upon it by others. Traditional forms of informal social control such as churches and local civic groups are examples of soft power. All of these forms of power have been affected by globalization and all have taken a special place in the inner cities where the problem of crime exists. Hard power has increased, economic power has fled to the suburbs (although this is changing), and soft power, has vanished almost altogether.

The concept of hard power has changed over time. In the seventeenth and eighteenth centuries, it was largely thought that governments who tax the largest population and use those resources to conscript and feed the largest army would win the
wars, so power was often equated with the size of a state’s population and the amount of land it had under cultivation (Pastor, 1999). The influence and role of Woodrow Wilson in interventionist hard power policies set the pattern for most American interventions to follow. These actions were secret and used agents and other diplomatic, political, and military means. Intervention in Mexico in 1913 (Graber, 1959), America's “secret war against Bolshevism” (Fogelsong, 1995) and its subsequent intervention in the Russian civil war (1917-20) (Fleming, 1961), demonstrate the methods and steps of American style hard power (Pearlmutter, 1997). Traditional military power can then usefully be called hard power. In the modern context, the Bush Administration’s doctrine of the “pre-emptive war” is a clear example of the modern use of hard power (Harris, 2003).

At the local level, the police handle this hard (or sometimes called sharp) power. Those resisting it will find officers pushing and prodding them in the direction they must go. At the federal level, this power is the foundation of the U.S. system. In the inner-cities, the use of hard power has been the traditional starting point for dealing with crime. Wherever crime may be, there is a strong likelihood that there will also be a strong police presence. Between 1990 and 1995, the homicide rate among young, inner city males dramatically increased. Knives, zip-guns, and 22-caliber handguns have been replaced by highly lethal, high-velocity automatic weapons in the hands of young drug dealers and gang members who are killing each other at rates that have never before been seen (Davey, 1995). Most criminals live and work close to where they live. The nature of the crime will frequently determine how far criminals will travel from their home. They often travel further to commit crimes against property than to commit crimes against people. This illustrates the point that if individuals often visit high-crime areas (the place
where most of the bad guys live) they will be more subject to confrontation than if they avoided such areas (Brewer, 1995). This also helps explain why the police tend to patrol in high crime areas (Lotz, 1991).

Economic power can be thought of as sticky or monetary power. Money is a comparatively modern device. The earliest record of coin money dates back only to the eleventh century before Christ in China (Kemmerer, 1935), although barter systems were in place for untold thousands of years before that (Heichelheim, 1957). Economic systems comprise a set of institutions and policies that attract others toward its influence and then sway decisions that others make (Mead, 2004). The main base of economic power involves the volume and structure of a state’s economic dealings. The size of a state’s economic transactions is one element of that nation’s financial strength. A country accounting for 30 percent of world exports will enjoy far greater advantage than a country accounting for only 3 percent. However, it is disadvantageous from the point of view that if a state’s exports are also large relative to its Gross National Product (GNP), the country is susceptible to economic pressure from the outside (Knorr, 1975).

Based on these concepts, there are direct correlations to local economies that are largely ignored. Economic power includes the inherent wealth of a particular area and its ability to reinforce the social mechanisms that allow a particular geographic area to grow and advance. Developmental policy acts to enhance the economic base of the community. Given the ascendant market positions enjoyed by city governments that maintained relatively high levels of employment along with the absence of much intergovernmental regulation in urban development, industrial cities turned inwards and provided mostly indirect inducements to the private sector in support of their investment
activities (Kantor and David, 1998). The local communities that are dealing with crime today cannot overstate the influence of monetary policy on their ability to fight crime.

The value of institutional control that is summoned to help cities is often questioned. Communities watch as the costs of crime increase yearly (Welsh et al, 2001). The streets are less secure. If the idea of restorative justice is to restore both the victim and the offender as Emile Durkheim suggests (Davis, 1999), the presence of high levels of recidivism shows that restorative justice must be considered a failure (Fionda, 1995).

In 1970 Robert Martinson presented the Rockefeller committee with a fourteen hundred page report that had a sobering conclusion: “With few and isolated exceptions, the rehabilitative efforts that have been reported so far have had no appreciable effect on recidivism.” Thirty years later people are asking the same questions and getting the same answers (Krajicek, 1998).

Violent and alienated youth remain a mystery. Most of the children of the baby boom generation are expected to reach the peak crime committing years shortly after the turn of the century with a 23 percent increase in 14 to 17-year-old males by the year 2005. This population growth, along with the increasing arrest rates between 1985 and 1994, led the Justice Department itself to project that the number of juvenile Violent Crime Index arrests would double between 1992 and 2010 and also that by 2010, murder arrests of juveniles would increase by 145 percent (Elikann, 1999). These, along with many other factors lead to the poor socioeconomic environment in the inner cities that make improvements to the tax base seem hopeless. A crisis of public support for the community has led to an inability of inner city neighborhoods to improve the economic position of the inner city. A reluctance to send more money after resistant conditions and
a preference for tougher law enforcement instead of human services are widely advocated (Woodson, 1981). The problem, if not the solution, is clear. How can poor inner city communities hope to improve their position of economic power when the majority of the money coming into urban areas is in the form of increased hard power?

Joseph S. Nye’s concept of soft power is one way of understanding influence in the information age, at least from the relational perspective. Soft power is the ability to achieve a desired outcome through attraction rather than coercion. Soft power is a nation’s cultural, institutional, ideological, and value attractiveness. Also normally considered as forms of soft power are a nation’s natural resources, land mass, people, and science and technology (The Presidency in an Age of Limits, 1993). Soft power works by persuading others to comply with norms and ideas that create a particular behavior. Soft power depends on the appeal of thoughts and an individual’s ability to set the agenda in ways that characterize the preferences of others (Ciprut, 2000). Many people argue that the United States is sorely lacking in soft power today. Jeffersonian (Peterson, 1975) concepts of soft power argue that if a nation cannot convince other nation states of the moral necessity of its actions, then the action (whatever it may be) should be closely evaluated before any unilateral action is taken (Hirsh, 2003).

The ability of present day inner cities to project soft power is almost non-existent. In fact, the opposite is generally true. When one thinks of the inner city environment, the words that come to mind are more likely to be crime, drugs, violence, and danger than hope, happiness, joy, and prosperity (Friedman, 1994).
The Path Forward

The Legitimacy crisis that this nation is facing in the inner cities is widespread, deeply entrenched, and symptomatic of possible future social disruption. The inability of the urban areas to take advantage of the mechanisms created by globalization will only get worse. The question then becomes, where does the nation go from here?

The question that needs answering is; “is there a way out?” Put plainly, does society have legitimate options when it comes to altering the basic institutions of society? Would society benefit from, or even want, such changes? If so, what would those changes look like? Most importantly, who would determine the path to achieving this reduction in crime and can the government get involved in this change without making things worse?

Defining all of the possible changes that could alleviate the coming legitimacy crisis and reduce crime in the inner cities would bankrupt the English language and be outside the scope of this paper. Any policy changes should take advantage of the talents that exist in the inner cities and couple them with aspects of globalization so they might develop with the strength and the ability to thrive without the intervention of outside forces. While the whole concept of culture (national and organizational) affects the transferability of policy suggestions in all areas, a few key recommendations are appropriate.

First, the nations’ financial system should consider a program of micro-loans and enterprise zones in the inner city. The concept of the micro-loan, in particular, has been very successful in helping alleviate the problems of poverty in the third world, and
enterprise zones have been implemented in many inner cities already and have had some
dramatic successes.

Second, the United States should invest money in smarter ways concerning the
education of children. Study after study indicates that even some college education could
be a strong factor in reducing crime (Taylor, 2000). Specifically, the nation should
explore the use of school vouchers in the inner cities. Vouchers would provide poor
families with a mechanism for improving the education of their children. Government
should encourage people to develop an educational “stake in the system”. It is time to
move inner city communities forward with globalization’s assistance and allow them to
benefit from the same economic forces that have dramatically raised living standards
around the world (Newman, 2001).

Third, America must dramatically alter the way it views the use of narcotics. The
War on Drugs has been a failure that has left many people disillusioned about the
prospect for a way out. The nation should consider the radical step of de-criminalizing
narcotics.

Micro-enterprise development is one of the most diverse and vibrant approaches to
poverty relief, with literally hundreds of programs implemented by a variety of
institutions across the planet. Within the micro-enterprise field, micro-credit is the best-
known approach to providing micro-enterprise services. Basically, micro-credit
programs provide small amounts of money to the poor and this enables them to begin
producing their own income (Fairley, 1998). A micro-loan is a loan that is made directly
to an individual entrepreneur for a simple business venture. Examples include a
vegetable stand, a chicken farm, or a backyard clay-figurine workshop. Micro-loans are
funded both privately and by the United States Agency for International Development (USAID) (Waters, 2000). In 1991, the USAID micro-enterprise budget, which includes micro-lending, was $114 million. The loans are administered by nongovernmental organizations (NGO). Examples are Trickle Up (in New York City), Accion International (in Cambridge, Massachusetts), and CARE (in New York City) (Abernathy, 1993).

Micro-enterprise programs may be operated by any of a number of public and/or nonprofit organizations. Most often, they are programs of community development corporations, including religious establishments. The local governments themselves operate others. Micro-enterprise programs are sponsored by a variety of for-profit companies as well. Neighborhood banks provide money for their revolving loan funds. Local governments may also provide financial support. State governments may also provide funds for furnishing trade and technical assistance (Lyons and Hamlin, 2000).

Micro-loans and Micro-commerce, will provide the marketplace a chance to insert itself into an area of economic opportunity. The income potential will attract organizations that have capital to invest with individuals who need money. The plan has been successful in many areas of the world where poverty issues far exceed the problems faced by the inner cities of America today.

While originally a British experiment (Rubin, 1993) Enterprise Zones have been promoted by every Presidential Administration from Reagan to George W. Bush (Blair, 2002) Enterprise Zones were introduced in 1979 (Gunn, 1993) and involve an effort to stimulate employment and the revitalization of depressed areas. The Ronald Reagan first presented a program for the formation of Enterprise Zones in the United States (Weiler and Pearce, 1992). The program was designed to remove institutional constraints on
private firms that are located within specific geographical boundaries. Freedom from the constraints would take place in four areas taxation, regulation, local services, and community involvement. By providing incentives, Enterprise zones promote entrepreneurs to start new companies and provide employment opportunities for disadvantaged workers and the long-term unemployed (Witthans, 1984).

The concept of Enterprise Zones have seen some success, for example, in Kansas City, an Enterprise zone helped generate 477 jobs (Watson, 1995). In the United States, as of 1989, only New Mexico is the only state to have not enacted some enterprise zone areas (State Legislatures, 1998).

One example of how Enterprise Zones should not work can be seen in the Enterprise Zones proposal that had been included in the *Omnibus Budget Reconciliation Act of 1993* (Public Law, 1993) that was narrowly adopted by Congress. It authorized the secretaries of HUD and Agriculture to designate six urban empowerment zones that met certain population and poverty criteria and through a local planning process, these communities’ devised innovative approaches to urban problems. In its start-up phase, the program suffered from problems such as conflict over who would control the purse strings, a lack of coordination across segments of government and the community, and disagreement between federal and state monitors over how localities should spend the money. In addition, the cities that received Enterprise Zone funding were mostly Democratic, while Republicans often governed the state governments that monitored them (Weir, 1998). When enterprise zones are thought through completely and the issues of financial control, better coordination between interest groups and a clear chain of command regarding the spending, enterprise zones have the potential to dramatically
improve life in the inner cities and help turn the tide against the coming legitimacy crisis.

Government should also remove the barriers to micro lending. Many lending regulations need to recognize this new species of business loans. Micro lending is often subjected to the same onerous rules and reporting requirements that apply to ordinary commercial lenders. Micro-lenders should be freed fully from government regulations. This will allow them to provide desperately needed capital that will creatively meet the special needs of the people who live in the inner cities (Bolick, 2003).

As education has evolved from the time of Socrates to today, it seems clear that the only remaining constant in the process is the lone learner. Although many educational historians rebuke educators for remaining stuck in a morass of pedagogy centered on instructors and students, the fact that the process has changed is too persuasive to ignore. Education has changed from membership in an elite, private club to a more egalitarian and pluralistic experience (Goodman, 1999).

Much of the controversy regarding public education is centered on the debate over who should have ownership or have power over public schools. Arguments are made for control at the national, state, local, and even parental levels. Many Americans feel that the federal government is best left out of teaching. People and legislators argue that issues of assigned curriculum and evaluation of student success are best done at the local level. Some believe that less federal involvement in education guarantees that the quality of education will improve, because parents and citizens are involved in daily decisions about education (Good and Braden, 2000).

Vouchers would allow parents of diverse backgrounds decide for themselves how best to spend education dollars in the care of their children. The combination of school
choice and government funding is not a new idea. In fact, private schools often use public money. They have played a key role in American education. Even now, America's post-secondary system of education is characterized by widespread school choice. Students can use the G.I. Bill, Pell Grants, and other forms of government assistance to attend either public or private schools, including religious institutions (Bolick, 2003). While this example is generally targeted towards the college level student, there is nothing that should prevent citizens from using tax dollars to pay for choice in the education of their children.

Thomas Paine, the author of Common Sense, is credited with first suggesting a voucher system in the United States (Paine, 1997). He was interested in promoting the objective of an educated, free-thinking citizenry. Ironically, in his time the idea of the government operating schools was actually an unheard of concept (Bolick, 2003). While times are significantly different today than they were in the 18\textsuperscript{th} century, society can still apply fundamental ideas to the modern problem of education.

Young black males in the 15-24 year-old age range who live predominantly in urban inner city neighborhoods tend to come from families at the lower end of the socioeconomic spectrum, many of whom are welfare-dependent and live below the poverty line (Gibbs et al, 1998). The use of narcotics exacts a high cost in dollars for medical and psychological treatment. As a problem for law enforcement, drug use demands ever-higher budget costs through arrests, prosecution, and jailing, not to mention the costs of trying to stop the importation of drugs in the first place (Vallance, 1993). Prior to The Harrison Act of 1914 (Moffitt et al., 1998) Americans regarded the production, distribution, and consumption of narcotics as a fundamental right. While the
Supreme Court has affirmed (with some exceptions) the right to privacy, this right does not apply to ingesting, or even possessing, certain narcotics in the privacy of one’s own home (Szasz, 1992).

Despite the modern notion that the prohibition of narcotics rests on a moral basis, its origins were not based on concerns about morality at all. The Harrison Act was designed to allow pharmacists and physicians exclusive power in prescribing medication. A government action that was designed to restrict competition quickly evolved into a total restraint on the purchase and sale of most all drugs (Schansberg, 1996).

The costs of illegal narcotic use should not be overshadowed by those that exist as a result of the use of legal drugs, in particular, alcohol and tobacco. In the United States alone, alcohol-related costs to society including medical spending, lost wages, and lost hours of work have been estimated to total $128 billion a year. Automobile accidents alone attributed in some way to alcohol consumption are believed to incur $44 billion in cost each year (Stares, 1996). Conservative estimates indicate that as much as 50 percent of an urban police officers’ investigative time is spent on investigating narcotics-related activities (drug dependent property and violent crime as well as drug possession and sales) in major cities (Rengert, 1996).

Many argue that drug legalization will undermine society. Some say that the argument about the economic costs associated with drug use is a selfish argument that coincides with the short sighted planning that America has been using with other social policies. With any legalization of drugs, the related problems, including many other crimes, would not go away. Some say that they would only intensify. If drugs are made legal, society will be paying much more than the $30 billion per year we now spend on
direct health care costs associated with illegal drug use (Rangel, 1998). The problem with this statement is that those numbers are hard to quantify.

California voters, engaging in social experimentation, passed Proposition 36, (Bock, 2000) mandating outpatient treatment instead of prison for drug possession. Washington State followed that move a year later. Also, New York’s Republican Governor George Pataki proposed reform of the repressive Rockefeller drug laws that had filled state prisons with 10,000 nonviolent drug users (Mccoy, 2004). The implementation of Proposition 36 is thought likely to reduce California’s annual prison intake by up to 37,000 a year.

Few, if any, legalization supporters argue that there should be no controls on drugs whatsoever. For example, no one would argue that children should be allowed to purchase drugs from whoever is willing to sell to them. The current laws concerning driving under the influence of drugs should also remain in effect. Despite many differences, all of the decriminalization/legalization advocates all agree that some sorts of controls will be necessary; the question is, how far along the spectrum of control should society go and should those controls be legal or some other type? (Belenko, 2000) Rather, the use of narcotics should be its own punishment. Treating narcotic use as a disease rather than a crime will enable America to better able control how public funds are spent and also better enable policy makers to make better informed decisions about funding issues because there will be better data on the extent of the problem. If addicts do not fear punishment, they will be more likely to come forward and talk about their drug problems.
Conclusions and Recommendations

The goal of this paper was to lay out a theoretical construct that defines crime through the sociological lens of legitimacy crisis theory and it seeks to explain increases in crime through the recognition of globalization as a fundamental and often uncontrollable force. The legitimacy crisis that is looming has been generated by economic forces of globalization and shows no signs of slowing. In fact, the opposite is true. The forces of Globalization are dramatically increasing.

The same forces that are contributing to globalization are increasing the problem of crime in the inner cities. The prudent actions for capitalist democracies to take involve using the power of globalization to raise the standard of living for all citizens. It is very likely that communities will either benefit greatly from globalization or suffer powerfully as a result of the downturn that will follow if society clings to the past and attempts to force anachronistic policies into modern paradigms of trade and finance. If economic success breeds demand for political participation and fosters other aspects of low crime environments, the legislature should do everything that is reasonably within its power to change the system and allow individuals to take advantage of the power that exists within the paradigm of globalization. Then, communities will prosper and crime will be reduced.
Appendix A

Enterprise Zones in the United States

<table>
<thead>
<tr>
<th>State</th>
<th>Year Enacted</th>
<th>Number of Zones</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>1987</td>
<td>27</td>
</tr>
<tr>
<td>Arizona</td>
<td>1989</td>
<td>21</td>
</tr>
<tr>
<td>Arkansas</td>
<td>1983</td>
<td>Entire state</td>
</tr>
<tr>
<td>California</td>
<td>1985</td>
<td>39</td>
</tr>
<tr>
<td>Colorado</td>
<td>1986</td>
<td>16</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1982</td>
<td>17</td>
</tr>
<tr>
<td>Delaware</td>
<td>1984</td>
<td>30</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>1988</td>
<td>3</td>
</tr>
<tr>
<td>Florida</td>
<td>1980</td>
<td>29</td>
</tr>
<tr>
<td>Georgia</td>
<td>1982</td>
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</tr>
<tr>
<td>Hawaii</td>
<td>1986</td>
<td>8</td>
</tr>
<tr>
<td>Illinois</td>
<td>1982</td>
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</tr>
<tr>
<td>Indiana</td>
<td>1983</td>
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</tr>
<tr>
<td>Iowa</td>
<td>1997</td>
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</tr>
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<td>1982</td>
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</tr>
<tr>
<td>Kentucky</td>
<td>1982</td>
<td>10 (*)</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1981</td>
<td>1,669</td>
</tr>
<tr>
<td>Maryland</td>
<td>1982</td>
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<td>Massachusetts</td>
<td>1993</td>
<td>51</td>
</tr>
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<td>1996</td>
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</tr>
<tr>
<td>Wisconsin</td>
<td>1988</td>
<td>35</td>
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</table>

*Called Renaissance Zones

References


Management.


