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"In West Michigan today, more families are struggling to put food on their tables and lacking basic necessities than any time in the past 15 years." So wrote Sharon Parks in *The Grand Rapids Press* (September 13, 2008: Growing poverty in Michigan needs emergency response). The U.S. Census Bureau reports that the rate of poverty jumped 14%, one in five live in poverty, and the unemployment rate jumped to 8.5%. Apparently Michigan joined the rest of the world where two billion people live on one dollar a day, except we are in a relatively better position. Incidence and magnitude of poverty have spread over the past fifteen years. High unemployment rates increased to levels not seen since the Great Depression. Inflation is soaring and the number of foreclosures has multiplied. The U.S. is not alone in suffering from these ailments. We are sharing what many developing countries have been suffering for decades. There are some policies these countries adopted that Michigan and the rest of the U.S. can apply at state, county, or city levels. We can draw some parallels with the intention of showing how to implement a selective set of measures that proved to be effective in meeting the challenges.

In the 1970s the World Bank (WB) expected that the rapid move toward globalization would result in some imbalance and hardships. The International Monetary Fund (IMF) and other international organizations mandated that the developing countries implement what they labeled "Economic Reforms and Structural Adjustment Programs (ERSAP's)" which required basic changes in the economy and society including privatization and free trade, with minimum government intervention in the economy. Noting that these countries had massive public sectors with entrenched systems of heavy subsidizations of basic services to a large segment of the population, the WB initiated a new type of institution called the Social Investment Funds (SIF) or Social Funds for Development (SFD). The primary objectives of these new institutions included poverty alleviation, job creation, youth training, gender empowerment, enhancement of the civil society, and rural development. It was thought that such ramifications of the ERSAP's would be temporary in duration. To alleviate such transitory side effects, the SFD's/SIF's devised a series of measures in which they would collectively alleviate the negative impact of ERSAP's. Noticing that the negative ramifications of globalization were expected, their intensity and far-reaching impact on a large sector of the society were not then appreciated. The new institutions and their attending programs would have moved the affected sectors through the transitory phase until they reached a state of balanced growth and perpetual development, thus, catching up with the developed world.

Three decades later the imaginary transitory period outlasted the prediction. The negative impact of globalization (albeit with some positive results) intensified. The magnitude of affected sectors, in terms of number of people and societal strata who have been suffering, has mushroomed into millions. Many countries suffered from political instabilities and social unrest in Latin America, Middle East, Africa, and Asia. The U.S. is not alone.

Can we duplicate the experience with the SFD's/SIF's as a concept along with the attending programs and copy them, with major modifications, if necessary, in the U.S.? Can we experiment with the conceptual framework on a state level? Would selected programs which showed positive results in achieving specific goals be applied to local levels? Should such a new concept be incorporated with the old concept of corporate social responsibility (CSR) to form an integrated approach to deal with the perennial problems of poverty and unemployment?

The relative success of SFD's is evidenced by the fact that by 2008, 57 SFD's were established in 57 countries around the world with investments totaling over US$25 billion. It became clear what was then perceived to be a transitory negative impact has a life of its own. The initial mechanism which had an expected duration designed to last five years has already existed for three decades. Hence, we may draw on this approach and its proven effectiveness in dealing with the two basic problems that are facing each of the fifty states with varying degrees of intensity in counties and cities.

There are five dimensions to investigate the appropriateness of applying this concept to the U.S. These include the political setting, the economic premises, financial requirements, managerial responsibility, and societal acceptability.

Politically, federalism, is a constitutional principle that separates federal from state rights, and guarantees a level of coordination between the two levels. States and their subdivisions of counties, cities, and special authorities enjoy a degree of autonomy in their policy-making rights. Hence, there is no need to pass federal legislation to introduce the establishment of an SFD in, say, Kent County or Grand Rapids, Michigan.

Economically, there is an urgent impetus to think in a nontraditional manner. Traditional approaches have not succeeded in dealing with such structural problems. They might have provided some temporary relief of the pain of being unemployed or of sinking deeper into the vicious cycle of poverty through soup kitchens and buyout deals to the laid-off employees. If the states and localities can offer some programs for retooling of skills and creating a new class of small entrepreneurs, it may prove to be of more lasting results.

Financially, there are several sources for the proposed new programs. Some of these sources are already available including free zones, grants in aid, governmental, state contributions, federal subsidies, even charitable donations and philanthropic activities. Yet, they are not aggregated in an integrated effort to achieve specific goals or to reach targeted beneficiaries within a coherent strategic plan. The assumption of corporate social responsibility is not even incorporated in the matrix of such sources. While the financial resources may be available, they are not coordinated, nor are they guaranteed to last beyond the fiscal year or the budget cycle. Philanthropists and private donors pursue their personal whims and temperamental priorities of what causes they want to propagate. Individual agendas and personal preferences dominate.

In order to introduce the SFDs as a concept and practice, several steps must be taken. These include collectively determining specific, not generic, societal goals; identifying carefully selected beneficiaries; designing programs to meet the needs of the targeted groups in consultation with the beneficiaries; approaching the potential participants in the implementation of the programs such as banks and financial institutions; training the needed managerial cadres to administer the programs and to manage the operations of the projects; performing marketing studies to sell the products or to perform the services; coordinating activities among the several governmental and nongovernmental entities; and updating laws and regulation to accommodate the new modes of operation. Of even greater significance is the integration of corporate social responsibilities into one coherent approach and financial mechanism. This latter requirement would provide some dynamism in the process and sustainability of the financial aspects of the programs. The inclusion of corporate social responsibility in the matrix of measures to sustain the functioning of the SFD could be ensured by requiring that, say, one percent of the revenue of local establishments be collected and earmarked for the SFD projects. Such contribution would be included in the expense accounting.

Managerially, there are managerial talents in abundance locally and nationally that can contribute to prepare the feasibility studies, to design the appropriate programs, to select the most promising projects, to train the needed cadres of managers, to prepare the target beneficiaries to assume their roles in operating the projects, to enlighten the participants of the potential advantages, to draft the legal documentation and contracts, to lobby for the passage of related regulations, to prepare marketing plans and selling channels of products and services and a host of other activities. The participants in these endeavors include: universities and academic institutions, bankers and financial agencies, non-governmental organizations, consultants, research groups, lobbyists and political figures, and state and local government agencies. All that is required is the coordinative responsibility to be institutionalized, monitored, and maintained.

The societal acceptability of the concept and its various activities should be harnessed and marshaled toward achieving the goals for which the beneficiaries were yearning, namely poverty alleviation and job creation on some more lasting basis. It is important to articulate the concept and its implications in practical terms. Convincing the participants must be done without raising expectations beyond their possible achievement and without promising what could not be realistically delivered. Uncertainties must be ascertained, and the variables should be carefully identified. Contingency plans must also be prepared in advance of its possible happening.

The SFD's have existed for 28 years. Thousands of activities, in terms of projects and programs have materialized and their performance has been verified. Several assessments of the effectiveness of these projects have been conducted by national and international organizations. The concept of corporate social responsibilities has been established and practiced. Integrating the two concepts and practices is a viable approach to solve the two pressing problems that are afflicting national, state, and local entities. The commitment of the different participants would guarantee the sustainability of the programs with the ensuing goal achievement. ■

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