Communities: Building Authority, Responsibility, and Capacity

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President Clinton urges Americans to ask not "What's in it for me?" but rather "What's in it for us?" He appealed to his audiences to develop "a new spirit of community, a sense that we're all in this together."

The president's words are compelling, but he is speaking to a nation taught for several generations not to think in terms of "us." A nation of immigrants has little shared history or culture. Instead, the United States has emphasized the individual, not the group. We take it for granted that public is bad and private is good, that collective is bad and personal good, that cooperation is bad and competition good. Our cherished slogans are "Don't tread on me" and "Live free or die." From the cradle onwards we are taught that whenever "we" becomes as important as "me," whenever the social becomes as important as the individual, we are heading down a slippery slope toward tyranny and misery.

This harsh American emphasis on individualism has always been tempered by the historical presence of extended families, of ethnic neighborhoods, of family farms, of small towns---places where people know when you're born and care when you die. But in the last generation we have moved more often and increasingly farther from our places of birth. Less rooted, we are less involved in our immediate communities. Neighborhood gathering places---cafes, grocery stores, even libraries and churches---are rapidly disappearing. Over 70 percent of us do not even know the people next door.{1}

Little by little, we have lost our sense of mutual aid and cooperation. Two-thirds of us give no time to community activities. Fewer than half of all adult Americans now regard the idea of sacrifice for others as a positive moral virtue.{2} Both inside and outside the workplace we are increasingly disconnected, looking out for number one, voting only our narrow self-interest. "Virtual" communities and "virtual" corporations, where physical proximity is replaced by electronic "visits," are substituting for tangible community involvement and contact. Meanwhile, the scale of public and private institutions continues to grow. Decisions are made in an unintelligible and inaccessible process remote from the people and places that will feel their impact.

Some view this decline in the importance of territorial communities as an inevitable consequence of modernity: localism will naturally have diminished importance in an age of globalism. But this theory of the inevitable decline of community implies that public policy has been neutral on the issue. It has not.

For half a century Democratic and Republican administrations have consistently pursued policies that disabled rather than enabled compact, strong, and productive communities. Urban renewal programs literally bulldozed hundreds of inner-city neighborhoods. Federal housing programs subsidized suburban sprawl. Highway programs built roads at the expense of mass transit. In the past decade federal tax and regulatory policies encouraged leveraged buyouts and hostile takeovers that shuffled hundreds of billions of dollars in corporate assets and forced tens of thousands of workers to abandon their communities in search of jobs. The government has consistently supported centralizing rather than decentralizing technologies: nuclear power rather than solar energy, garbage incinerators rather than recycling, tomato harvesters rather than diversified crop farming.

Does Bill Clinton offer a new beginning for American communities? In contrast to the Reagan-Bush era, the Clinton administration will undoubtedly make dramatic advances in rebuilding capacity at the community level. The president has, for instance, supported small manufacturing, community development banks, and a large degree of decentralized authority. But will these initiatives be at the margins of public policy or at its center? And what role can federal authority ultimately play in strengthening regions so distant, geographically and conceptually, from the Beltway? The Clinton administration's success in these areas will depend in large part on its commitment to a trio of principles---authority, responsibility, and capacity (ARC)---and its acceptance of the dictum that small is not only beautiful but eminently sensible as well.

The ARC of Community

Praise for community comes from both sides of the political spectrum. Conservatives like Michael Novak have long applauded the virtues of family, voluntary associations, and a vibrant civil society. Likewise, liberals like Amitai Etzioni have emphasized the central role of kinship groups and tightly knit communities in fostering basic moral values such as mutual respect and nonviolence.

Communitarian liberals and social conservatives stress the importance of obligations as well as rights. The list of our responsibilities to one another is long and varied: voluntary organ donation, regular voting, a willingness to pay taxes, and so forth. Indeed, such personal responsibility to the general welfare is an important component of strong communities.

But in and of itself responsibility is not sufficient. Hundreds of communities that have exhibited the kinds of values that Novak and Etzioni embrace, along with those that are fragmented and disconnected, have been unable to defend themselves from powerful external forces. Middle-class neighborhoods in the Bronx were destroyed when the Port Authority of New York imposed the Cross Bronx Expressway on them. In the 1970s, the close-knit Polish neighborhood of Poletown in Detroit was levelled to make way for a new automobile plant that never opened. As Alexis de Tocqueville wisely noted more than 150 years ago, "Without power and independence, a town may contain good subjects, but it can contain no active citizens."

Governments often view communities as obstructionist, unwilling to accept even necessary development. Government officials have even invented an acronym---NIMBY or "Not In My Backyard"---to describe this phenomenon. Yet in many cases citizens' opposition is less a knee-jerk, innate obstructionism than a reflection of their lack of participation in the project conception and design. Consider, for instance, Georgia's handling of the delicate issue of garbage landfills.

For years state officials tried to impose large landfills on small rural communities. Local opposition paralyzed this siting process. Finally, in an act of desperation, Georgia allowed its citizens to design their own policies. After nearly ninety public meetings the citizens of Atkinson County agreed to accept a landfill, but only one sized to handle their own wastes and not those of other communities. A problem state agencies had not solved in five years was successfully resolved by local citizens in just four months. Significant local authority can beget personal responsibility.

Yet responsibility and authority are both inadequate without the power and self-confidence that comes from owning productive capacity. Thomas Jefferson was one of the first to point out that effective and stable democracies rest on a foundation of widely owned productive capacity. The yeoman farmer, the Jeffersonian ideal, owned land and equipment and had the know-how to manage the two. The farmer understood how real wealth was produced and thus became an intelligent and cautious citizen. The farmer's capacity for autonomy also made him less vulnerable to pressures from government. Today we have lost most of the skills of self-reliance and no longer own the productive capacity needed to balance central economic and political authority. Over 85 percent of us work for someone else, and for most of us that someone else does not live nearby. Former Rep. Henry Reuss used to offer an instructive tale about the disappearance of productive capacity within our communities and the substitution of dependence on remote institutions.<ext>At the end of the last century and early in this, the South Bronx was a garden community centered on the new, fortress- like building of the American

Bank Note Company, whose employees cultivated their own gardens on company land. The Bank Note Company is still there, its fortress aspect more grimly appropriate than ever. Today one of its principal products is food stamps.{3}
Communities with widespread local ownership tend to be more vibrant and stable. Citizens participate more in local affairs. Local owners have a stake in the community. Their kids go to local schools. The world's largest producer of automated nailing systems for wooden pallets---Viking Inc. of Fridley, Minnesota---is owned by its 120 workers. Vice President Dean Bodem acknowledges that the company would have left the state if it had not been employee-owned. "Because the employees own the company, it really ties us to Minnesota. If someone else would have bought this company, there's a high probability they would have moved it."{4} Viking's worker-owners know that their business generates the revenues used, in part, to educate their children.

Contrast this to the situation in northwest Indiana. The Calumet Project for Industrial Jobs evaluated seventeen plant closings from the 1980s and concluded that eleven could probably have been stopped via early intervention. All of the plants were absentee-owned. Most had recently changed hands. Plant closings, job loss, social disruption: such are the hazards of giving external authorities control over a community's life and work.

Social conservatives and communitarian liberals alike are apt to recite the proverb, "Give a man a fish and he will be without hunger for a day. Teach a man to fish and he will never be hungry." Yet the ability to fish will not keep someone from starving if he or she has no access to a net or a boat. Even a boat is insufficient if the community lacks the authority to prevent overfishing or stop the pollution that can destroy the fish's spawning grounds. And all of these additional considerations are immaterial if the person fishing bears no greater responsibility to the community at large---for safeguarding the environment, providing social services, and enabling the individual to pursue his or her own livelihood.

Authority, responsibility, capacity---these, then, are the cornerstones of sustainable communities. While both liberals and conservatives see the importance of personal responsibility, neither believes that public policy should promote locally owned productive capacity. In this respect liberals and conservatives alike subscribe to the Darwinian model of economic evolution in which large-scale institutions appear as an inevitable stage in economic history.

There is no label for those who believe in strong territorial communities. "Anarchist" would be historically appropriate. But the word has long since lost its original connotation as a belief in personal responsibility and humanly scaled institutions and has come to mean instead a lack of structure and discipline. Historically the term "progressive" described a movement committed to public ownership and direct democracy. The challenge to modern-day progressives is to integrate a concern for communities and a support for humanly scaled technologies and organizations into their platforms.

Scale

"The real voyage of discovery," Marcel Proust observed, "lies not in seeking new lands but in seeing with new eyes." We need to see our communities not only as places of residence, recreation, and retail, but also as places that contain active citizens who make the rules that govern their lives and who have the skills and productive capacity to generate real wealth. Local economies are more than branch plants of planetary corporations. Local government is not simply a body that reacts to higher levels of government.

This process of seeing with new eyes requires challenging the conventional wisdom that bigger is better, that separating the producer from the consumer, the banker from the depositor, the worker from the owner is an inevitable outcome of modern economic development. Surprisingly little evidence supports this conventional wisdom. In every sector of the economy the evidence yields the same conclusion: small is the scale of efficient, dynamic, democratic, and environmentally benign societies.

In education, for instance, one recent, exhaustive study on school size found that small schools have less absenteeism, lower dropout rates, fewer disciplinary problems, and higher teacher satisfaction than big schools. Commenting on this study by University of Chicago education professor Anthony Bryk, the New York Times notes that "now many researchers and educators alike see big urban high schools---those with 2,000 to 5,000 students---as Dickensian workhouses, breeding violence, dropouts, academic failure and alienation." By contrast, schools with 400 students or less have "fewer behavioral problems, better attendance and graduation rates, and sometimes higher grades and test scores. At a time when more children have less support from their families, students in small schools can form close relationships with teachers."{5} Acting on these insights, Chicago, Philadelphia, New York, and other cities have begun subdividing existing school buildings into several autonomous schools.

The same scale of institution that best cares for our children best cares for our money. "[O]nce a bank is larger than $400 million in deposits, economies of scale appear to be exhausted," acknowledges Robert Parry, president of the San Francisco Federal Reserve Bank.{6} In 1990, 11,194 of the 12,165 banks in the United States had assets under $300 million.{7} The Southern Finance Project compared banks that focused on their surrounding community to those lending all over the country. Banks that restricted lending to local borrowers were more than twice as profitable as those whose loans were geographically dispersed. Those that stayed close to home actually reduced overhead costs and suffered significantly fewer bad loans.

In manufacturing, too, small is beautiful. From 1979 to 1989 small and medium-sized businesses created more than 20 million new jobs while the 500 largest U.S. companies lost almost 4 million jobs.{8} Small manufacturers constitute over 98 percent of the 360,000 U.S. manufacturing enterprises. Two-thirds of these have fewer than twenty employees.

Some companies are taking a cue from school reformers and are subdividing factories into autonomous units. The Baltimore cardboard box plant of the Chesapeake Packaging Company, under the direction of plant manager Bob Argabright, divided the building into eight separate "companies." Each has responsibility for budgets, production, and quality levels. Each does its own hiring and deals with external and internal customers. When Argabright took over in 1988 the plant was losing money. Within a year it had turned a profit. By 1992 profits had increased more than five-fold.{9}

Compactness can also encourage creativity. Dr. Thomas J. Allen, director of the International Center for Research on the Management of Technology, has found that more than 80 percent of an engineer's ideas come from face-to-face contact with colleagues and that engineers will not walk more than about 100 feet from their own desks to exchange thoughts with anyone. Thus, Corning Glass Works' William C. Decker Engineering Building is equipped with twelve separate discussion areas, each with coffee machine and wall-sized blackboards. To facilitate interaction, the building's three floors are connected by seven sets of open stairs, two escalators, a double bank of elevators, and several ramps.{10}

Even in the information age, geography and proximity matter. Indeed, more and more observers see a future in which nations break down into smaller units that then become the primary engines of a global economy. The globalization of economies and the regionalization of politics may go hand in hand. Thus, even as Europe moves toward a single internal market, regions have begun to exercise more autonomy, whether areas within countries such as the Basque or Catalan regions of Spain or areas that cut across countries such as the Alpine-Adriatic community. Closer to home, several western Canadian provinces and northwestern U.S. states have recently signed an economic compact. Their level of self-consciousness is reflected in the fact that they have chosen a name for their new "country," called Cascadia.

Several commentators predict the emergence over the next decade or two of 50-100 large "city states," regions in which a major world-class city generates much of the economic activity. Economic development specialists such as Michael Porter of the Harvard Business School are now emphasizing the importance of geographic proximity for innovation. Porter points out that a 100-square mile area in northern Italy is the world's leading footwear producer. Some 300 firms manufacture cutlery in one German town, Solingen, making it the center for that industry. He applies this principle of regional industrial clustering to the United States: Detroit for auto equipment and parts; Rochester, New York for photography and optics imaging; South Florida for health technology and computers.{11}

Perhaps the most appealing aspect of strong communities is their popularity. The majority of the population supports community-team policing, home-based health care, community banks, neighborhood schools. For instance, the Carnegie Foundation asked parents whether public education would best be improved by giving every neighborhood school the resources needed to achieve excellence or by letting schools compete for students, with the understanding that good schools would flourish while weak ones would improve or close. More than 80 percent favored the neighborhood school program.{12} Meanwhile, almost seven out of ten respondents to American Banker's 1990 consumer survey preferred community-oriented banks; only 23 percent preferred banking with a big institution.

The Clinton Approach

At this point the evidence is still inconclusive about whether the Clinton administration will strengthen the ARC of community and make humanly scaled institutions and strong territorial communities a central theme that cuts across major policy initiatives. The initial signs are positive. The concepts of personal responsibility, decentralized authority, and local productive capacity are not alien to this administration.

For ten years Bill Clinton was governor of Arkansas, a state with a population the size of Philadelphia, Chicago, or the Twin Cities. He is therefore no stranger to the possibilities of small towns and regions organizing their resources so as to generate the greatest possible wealth. He, Hillary Rodham Clinton, and Al Gore have all expressed a serious interest in the communitarian perspective, or what Michael Lerner has dubbed "the politics of meaning." Moreover, several members of the administration have been mayors and know firsthand about the role of neighborhoods and small businesses in economic, political, and social development.

Clinton favors small manufacturing. His proposed economic stimulus package gave the biggest tax breaks to those who invest in start-up and small firms. The budget for the National Institute of Standards and Technology, which provides matching funds to help industry develop new technologies, is expected to rise from $68 million in 1993 to $758 million in 1997. By 1997 Clinton expects to help establish 100 manufacturing extension centers connected to a nationwide, integrated fiber-optic network that will encourage a new range of products and services. Clinton also proposes a major apprenticeship program, patterned after Japan's or Germany's, to link high schools and local businesses as a way to upgrade the educational system and improve the skills and prospects of the majority of American high school graduates who do not go on to college.

Clinton knows that strong communities need access to capital. He proposes an initial federal appropriation of $382 million over four years to support more than 100 community development funds. The administration understands both the need to strengthen the 1977 Community Reinvestment Act and to extend its reach to the rapidly growing nonbank financial sector.{13} At the Department of Housing and Urban Development, Secretary Henry Cisneros and Undersecretary Andrew Cuomo can be expected to rely much more heavily on neighborhood organizations and nonprofit housing corporations as service providers.

Nevertheless, important questions remain. How much authority is this federal government willing to delegate to local communities? Is local or worker ownership or humanly scaled technologies central elements in their strategic plans?

Democratizing the Economy

The administration wants to make the American economy more competitive and believes in making workers partners with management. Yet it is unclear whether this empowerment means ownership and control. Secretary of Labor Robert Reich has argued that jobs, not ownership, should be the key objective. It does not matter to him whether a factory is owned by Toyota or General Motors so long as that factory is located in the United States. Reich may be right when he compares two global corporations like Toyota and GM, whose strategic plans are becoming increasingly similar. He is wrong, however, to compare a locally owned company, which has a stake in the community, to a multinational, whatever its country of origin.

The president's desire to build a partnership between management and labor is occurring at a time when corporations are increasingly breaking ties with their workers. The average blue-collar worker receives only seven days notice before losing his or her job, only two days when not backed by a union.{14} The UCLA Institute for Industrial Relations reports that contract workers comprise 24 percent of current corporate payrolls, with a 40 percent share expected by the end of the decade.{15} A temporary work force does not bode well for community stability.

Making workers true partners in business means making them owners. About 10,000 companies now have Employee Stock Ownership Plans (ESOPs). But ESOPs are not the only form of ownership available. As Gar Alperovitz has pointed out, there are many kinds of customer- or worker-owned institutions in this country: 13,000 credit unions, nearly 100 cooperative banks, more than 100 cooperative insurance companies, almost 2,000 municipal utilities, and about 115 telecommunications cooperatives.{16}

In the financial sector Clinton could build a nationwide network of community banks from the debris of the bankrupt savings-and-loan (S&Ls) institutions. Tom Schlesinger, director of the Southern Finance Project (SFP) calls this "making lemonade from S&L lemons." As of spring 1993, according to SFP, the federal government owned eighty- one thrifts with more than 1,000 branches. More than 400 of these branches are located in low- and moderate-income communities in twenty-five states and 150 cities.

The Resolution Trust Corporation (RTC), formed in 1989 to oversee the closure and sale of bankrupt thrifts, has ignored the needs of communities and instead curried favor with huge national banks. The RTC is closing dozens of branches in communities already suffering from a lack of access to capital, while this federal authority's pattern of sales has sharply increased the concentration of capital in local banking markets previously characterized by healthy levels of competition.

The RTC should be required instead to favor community- based institutions when selling deposits. One billion dollars could be diverted from the several billion dollars Clinton has proposed for expanding enterprise zones (now called empowerment zones). Given the current 6 percent equity capital requirement for banks, $1 billion could fully capitalize all 427 community banks with deposits of $12.9 billion. A targeted, aggressive network of neighborhood development banks arguably would galvanize far more beneficial community development than an equal number of enterprise zones.

President Clinton has also demonstrated his interest in sending more money back to communities and doing so with fewer strings attached. Local government is where the

rubber meets the road. It is also the level of government of which the citizenry is the least cynical. A recent study from the Kettering Foundation concludes, "We have found that people's perception of having a diminished voice in national politics does not hold as true on the local level."{17}
Most local governments rely on property taxes as their primary source of income. Raising property taxes encourages middle-class homeowners and businesses to move to a neighboring jurisdiction with lower taxes. The effect is to encourage jurisdictions to compete against one another. The federal government, on the other hand, relies primarily on income taxes and cannot be played off against other jurisdictions (except by big corporations who can move to offshore locations).

Localities have recently been starved of funds. Direct federal aid to local governments in real dollars fell by more than half during the 1980s, from $17.2 billion in 1980 to $7.5 billion in 1990. The federal share of city budgets fell from 18 percent in 1980 to 6.4 percent in 1990.{18} Meanwhile, state governments were relegating responsibility for services to the local level. In 1991, for instance, California's state government shifted more than $2 billion in welfare, mental health, and medical programs from the state to the counties. In Illinois, aid to those who cannot afford medical assistance is no longer being picked up by the state and is being shifted to the local level. "We're at the bottom of the totem pole, so we're getting everything dumped on us," says Frank Shafroth, director of policy and federal relations for the National League of Cities.{19}

The federal government should finance some of the functions now borne by communities, particularly health services. In Australia, for instance, the income tax pays for universal health coverage. The United States is the only industrialized nation that does not give its citizens, as a right of membership in the national community, access to medical care. It is our most important signal to ourselves that in America we have no commitment to one another. This lack of medical care makes us all insecure. A catastrophic illness can make even the wealth homeless. Universal health care may be the single most important step in rebuilding a sense of community in this country.

Next, the federal government should dramatically expand its use of block grants. All federal money except for entitlements like Social Security and military expenditures should be returned to communities as a lump sum, with the federal government acting to transfer funds from richer to poorer communities. In his defeated economic stimulus package, President Clinton did dramatically expand lump-sum community development block grant spending, but he has yet to embrace block grants as the defining principle of government finance.

Federal spending now fragments communities. Cities receive money from dozens of different bureaucracies, each responding to different regulations. Transportation, housing, social services, economic development, water works funds---all of these come from a different federal pot. The result is an inefficient and sometimes internally inconsistent use of resources. It is impossible to plan comprehensively when the community is artificially broken up into dozens of bureaucratic cubbyholes.

Transferring money back to communities in this manner would not guarantee better decisions. But it would bring decisionmaking down to a level that enables direct participation and comprehensive planning. It brings the debate down to a level where, with the proper information, people can see the tradeoffs more immediately.

Traveling and Talking

Physical transportation systems that rely on private cars and trucks are enemies of community. By their nature they invade and destroy. Jane Jacobs describes the process in central cities:

> Traffic arteries, along with parking lots and filling stations, are powerful and insistent instruments of city destruction. To accommodate them, city streets are broken down into loose sprawls, incoherent and vacuous for anyone afoot. Downtowns and other neighborhoods that were marvels of close-grained intricacy and compact mutual support are casually disembowelled. Landmarks are crumbled or are so sundered from their contexts in city life as to become irrelevant trivialities. City character is blurred until every place becomes more like every other place, all adding up to Noplace...{20}

Physical transportation now claims about one-third of the land mass of cities. If national statistics are translated to the community level, every neighborhood has two or three people killed each year by cars and dozens more who suffer serious injury.

Perhaps more than any of its predecessors, the Clinton administration is filled with people who understand the enormous social, economic and environmental costs of our transportation systems. Whether they will aggressively confront the country with this reality is unclear, especially after their bruising setback over the elegantly designed but quite modest energy tax. One of their priority issues, from an environmental perspective, is to reduce vehicular generated pollution. They are very interested in the type of fuel that powers the vehicle ,but to date they have evidenced less interest in the burdens imposed by the vehicle itself.

Americans love cars and hate welfare. Bill Clinton needs to speak to that dichotomy from the bully pulpit and explain that our vehicles are by far the nation's biggest welfare cheats. The highway trust fund is a unique, self- perpetuating paving and construction fund financed by a dedicated tax. Yet even the tens of billions of dollars each year that swell the highway trust fund cover only about half the cost of roads and a tiny fraction of the overall medical, social, environmental, police, and fire costs generated by vehicular use. By some estimates the subsidy to cars and trucks is well over $300 billion a year, thirty times more than the federal government gives in aid to cities.{21} If Americans had to pay the true costs of personal vehicles, we would not be able to afford them.

If physical transportation is the enemy of a sound economy and strong, cohesive territorial communities, electronic transportation can be its friend. It is by now commonplace to talk about how our economies have become more and more information-intensive. But we have yet to examine how this fact of technological life can help build a productive capacity and a cosmopolitanism within communities.

The future digital highways can allow our homes, neighborhood centers, and small businesses not only to visually communicate with one another over long distances, but to produce and distribute services and even goods from our communities. In the 1980s we began to send a physical product, faxes, via the telephone lines. In mid-1993, IBM and Blockbuster Video signed an agreement that turned the latter's retail stores into manufacturing plants. Customers go into a booth and select music from a video screen connected to a mainframe computer. Then the music is "downloaded" to the store and written to a blank compact disc, much as the fax machine writes the sender's text to a piece of paper. In the near future the same process will undoubtedly be applied to books, with customers waiting a few minutes at stores for their purchases to be produced on high-speed laser printers. 23

The coming of information highways allows us to look at our communities with new eyes. Households, retail stores, and neighborhood centers become producers of basic wealth. We can begin to envision the dual economy of a global village and a globe of villages: a planetary information web interconnecting self-reliant and self-conscious territorial communities and producing a sense of place and a sense of space.

Global information systems can also help overcome a key failing of territorial communities: parochialism. Indeed, this is the principal challenge and criticism of a public policy that emphasizes strong communities. But it is clear that the ability to easily "visit" with other cultures and talk with their residents---instantaneous translation will be part of the new information systems within a decade or so---will enormously widen our perspective. The inward- looking orientation of territorial communities will be offset by the planetary perspective of its informationally based economies.

Will the Clinton administration champion a cooperatively owned, easily and cheaply accessible information system that moves productive capacity back into our homes and communities? Spearheaded by Vice President Al Gore, the Clinton administration is aggressively promoting the rapid deployment of a national high-speed telecommunications infrastructure. Yet to date the role of the federal government appears limited to accelerating the construction process, not designing the infrastructure so that it revitalizes communities.

The Clinton proposal, for example, excludes at least in its first phase the quintessential community-based information institution—the public library. An information policy that puts community first would place America’s 15,000 public libraries at the head of the connection line.

Sustainable Development: Local Capacity

Environmentally benign development is a thread that connects many Clinton initiatives. This environmental approach to development does not, at present, have a direct community orientation, but it certainly has an indirect one. Such development implies reduced waste and the increasing substitution of renewable for nonrenewable resources. Each of these strategies, at least in theory, can help build stronger communities.

Improving efficiency reduces our reliance on imported materials. Recycling further reduces our need for raw materials and also generates a supply of valuable industrial materials close to the final customer. Manufacturers tend to locate near their sources of raw materials. Now many are locating near large suppliers of used materials. In the hierarchy of solid waste management, re-use is better than recycling. Transportation costs of shipping whole products back to remote manufacturers for recycling are prohibitive. Re-use, on the other hand, further miniaturizes the economy.

When we need new materials, an environmental approach recommends that we use renewable resources. This too favors a shortening of the distance between producer and consumer. Minnesota, for instance, has sufficient winds to generate many times more electricity than the state consumes. A rooftop in Phoenix, Arizona covered with solar cells can generate sufficient electricity not only to heat and cool the home but to run the family's electric car. Neither Arizona nor Minnesota need be reliant on Saudi Arabian oil or Wyoming coal.

Wind and direct sunlight can provide significant quantities of energy. But they cannot supply molecules to make a physical product. For that we need to use another renewable resource: the stored solar energy in plant matter. Anything that can be made out of a hydrocarbon can be made out of a carbohydrate and probably once was. The first plastic, invented in the 1880s, was made not from petroleum but from cotton. The first synthetic fiber was not nylon but rayon made from wood pulp. Today, except for paper, we use plant matter almost entirely for food and feed. Only 6 million of the 450 million tons of agricultural crops are used for industrial purposes today (e.g. natural rubber, industrial starch, vegetable oils for lubricants). Meanwhile, 15 percent of our petroleum is made into petrochemicals, some 110 million tons. Virtually all of these chemicals could be made from plant matter. A carbohydrate economy could be characterized by modestly sized biorefineries rather than huge petroleum refineries and petrochemical plants. Oil is cheap to transport, encouraging large plants distant from their raw material supplies. Plant matter is bulky and expensive to transport, encouraging modestly scaled biorefineries located near their raw material providers. In the future, cooperative biorefineries could use fast-growing trees or grasses and even single-cell algae as their raw material.

Consider the two futures implied by two refineries located in Minnesota. Just south of St. Paul stands the Koch petroleum refinery. It produces about 40 percent of Minnesota's transportation fuels, 800 million gallons a year. Koch is an out-of-state corporation. Its raw materials are all imported. Its facility is harmful to both its workers and its neighbors.

Compare this ecological eyesore with a biorefinery located three hours southwest of St. Paul in Marshall, Minnesota. Minnesota Corn Processors (MCP) is owned by 2,700 corn farmers. Its plant produces corn meal, corn oil, carbon dioxide, corn syrup, ethanol, and industrial starch. Virtually all its raw materials are purchased locally. Virtually all its sales are in the region in which it is located. MCP is highly profitable, yet it satisfies only 2 percent of Minnesota's transportation needs, producing about 35 million gallons of ethanol a year.

Which raw material and organizational structure is best suited to a strong Minnesota economy? Two absentee-owned Koch-type refineries or fifty cooperatively owned MCP-type refineries?

Twenty years ago, recycling and solar energy and biochemicals were futurist dreams. The policies of Jimmy Carter helped nurture these technologies. Today they have become increasingly cost-effective. In 1980 it was cheaper to throw away a ton of garbage than to recycle it. In 1993, in most parts of the country, the opposite is true.{22} In 1980 the cost of electricity generated from wind turbines was about seven times the price of conventional electricity. Today, in some parts of the country, wind-electric generators are the cheapest of all new power plants. In 1985 few consumer products were primarily derived from plants. Today such goods compete in almost every major category. Biopaints have captured 3 percent of the paint market. Vegetable oil-based inks have 8 percent of the ink market. About 5 percent of commodity plastics contain some plant matter.{23}

Today recycling, solar energy, and biological products are significant businesses, even major industries. But they are still at the margins of the economy. The task of the new administration is to make them central to the next economy and to do so in a way that fosters a sense of community. 28

The federal government has enormous power to accomplish this objective. For example, the single most important way to increase recycling is to mandate that products contain minimum amounts of recycled content. A dozen states already have such legislation applied to newspapers, telephone books, fiberglass insulation and glass, and plastic containers. A federal law would overnight create huge markets for recycled materials and would make manufacturers responsible for their products even after disposal. Federal procurement regulations could be written to mandate not only high levels of scrap content but also high levels of plant matter content (e.g., all plastics products must contain over 50 percent plant matter). In the energy field the federal government should drastically change its R&D spending so that renewable energy technologies are at the top and fossil fuels, especially increasingly imported petroleum, are at the bottom.

The Local is Global

It is not enough for the Clinton administration to promote strong communities with national programs. In an increasingly planetary economy, strong communities must be nurtured and protected by international policies too. By superseding state and national laws, free-trade agreements do just the opposite. To reflect on the potential impact and reach of existing trade agreements, consider a recent European Commission (EC) report.{24} Responding to a barrage of U.S. criticism concerning European trade barriers, the EC listed the kinds of U.S. laws it considered protectionist: California legislation requiring a minimum amount of recycled content in glass containers sold within that state; restrictions in fifteen states on corporate ownership of farm enterprises; restrictions in twenty-nine states on foreign ownership of land; labels that tell the customer where a car was built and assembled.

All the laws the EC criticizes were democratically enacted by communities to reduce pollution, create jobs, or retain a measure of influence over their own futures. All of these laws are threatened by misguided free-trade policies. In the nineteenth century, the U.S.

Supreme Court used the interstate commerce clause of the U.S. Constitution to severely limit the authority of states and cities to enact rules that would protect their small farmers and small businesses and neighborhoods. In the late twentieth century, international trade panels are doing the same.

Those who oppose and those who support new trade agreements agree on one thing. The world economy is broken and needs new rules. The debate is about what those rules should be. Those who favor strong communities do not accept that trade agreements should have as their only objective the elimination of all obstacles to the flow of resources.

Trade agreements should establish minimum, not maximum, global environmental and social standards, as the United States did in 1938. That year Congress enacted the Fair Labor Standards Act (FSLA) to discourage states from competing for business investment by lowering the quality of life of their residents. The FLSA created national minimum wage and maximum hour standards but allowed individual states to exceed these standards. In the 1970s and 1980s federal environmental legislation usually embraced the same principle by establishing minimum, not maximum, pollution standards.

Trade agreements should permit states and localities to impose the same environmental and social standards on imports as they do on domestic producers. Communities, businesses, and nations should compete on the basis of productivity and efficiency, not on the basis of wages and working conditions. Cities and states should be given great leeway to protect their neighborhoods, small business enterprises, and diversified locally owned economies, even when this may impede international trade.

The Clinton administration has approached free-trade agreements from a national, not a community perspective. That is understandable. After all, the president represents the nation. In international negotiations only nations and not communities are at the table. From now on, however, President Clinton must shoulder two responsibilities, to represent communities as well as the nation.

Perfecting Ends

It seems oxymoronic to argue that the federal government can promote self-reliant communities. Yet we are at an important crossroads in world history. People are clamoring for a more effective voice in government at the same time as the management of corporations are moving farther and farther away from their workers and their communities. The federal government can play a key role in mediating between local demands and global realities.

In the1990s the federal government will design new environmental rules that may profoundly alter the material foundations of economies. It will help write global trade agreements that may profoundly change the nature of citizenship and the reach of government. In creating these new rules, we need to clarify the direction and the ends of policy. As Albert Einstein once observed, "Perfection of means and confusion of ends seems to characterize our age." While the Clinton administration has offered a set of intricately worked-out means, it has been less precise about the ultimate goals of policy. Improving efficiency, reducing pollution, creating jobs, and building information highways are all beneficial objectives. But there needs to be an overarching goal, an organizing principle that informs all of these policies. That principle should be the development of strong territorial communities.

The arguments against self-conscious and powerful territorial communities come in many forms. Economists, for instance, fear that production units and markets will be fractured, breeding inefficiencies and higher costs. Yet, after a century of mass production, factories are getting smaller, not bigger. And new technologies like flexible manufacturing, just-in-time production, and rapid prototyping are moving us away from mass production and back to small-lot production. Small units working together can achieve the same economies of scale as a single large corporation relying on hundreds of production units.

Sociologists and political scientists worry about cultural insularity and isolation that could lead to Yugoslav-type ethnic violence. Delegating authority to communities, some argue, is an invitation to the oppression of minorities. This fear of balkanization is a more formidable concern and not as easily deflected. Cohesive, self-conscious communities will undoubtedly view themselves as different and perhaps superior to their neighbors. But this does not mean they will instigate violence or wars. History shows that most wars result from unsustainability, territorial ambitions, a lack of material resources, or a desire to conquer new markets.

Can semi-autonomous communities also view themselves as part of a larger community? Of course they can. The provinces of Canada have much more authority than do U.S. states. Indeed, Canada is a confederation, not a union like ours. But citizens of Manitoba and Ontario view themselves as part of a nation, not only a province.

Increasingly the environment also ties us together. We all share the same biosphere and thus our individual freedom of action must be constrained by the needs of the general welfare. If individual communities or nations maximize their fish catches, the fishing stocks will rapidly disappear for all communities. We are now designing the global rules that will allow autonomous communities to equitably share in the limited but bountiful resources of nature.

Coherent, self-conscious communities will tend to be exclusive, but that does not necessarily mean they will be parochial, isolationist, or inefficient. Singapore, Quebec, and the Mondragon cooperative in the Basque region of Spain are three examples of linguistic or culturally based communities. Each favors its primary ethnic group. Yet each has developed a vital, vibrant, innovative, cosmopolitan economy whose enterprises successfully compete with those in the rest of the world.

Authority, responsibility, capacity: the ARC of community. Without authority, democracy is meaningless. Without responsibility, chaos ensues. Without a productive capacity we are helpless to manage our affairs and determine our economic future. Federal policy should be evaluated on the basis of how it strengthens all three cornerstones of strong communities.

NOTES

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