

in character

February 2007

It Takes a City – *how better rules and regulations promote local self-reliance*

By David Morris

“The real voyage of discovery lies not in seeking new lands,
but in seeing with new eyes.”
—Marcel Proust

.....

In 1988, Michigan designed a good law.

It was a waste law. Every county was required to develop an in-county landfill with a minimum twenty-year capacity to handle the county’s garbage. In return for forcing the county to become responsible for dealing with its own wastes, the state granted it the authority to prohibit the importation of solid waste from other communities inside and outside Michigan. The law did one thing particularly well: it married authority and responsibility. But the Supreme Court overturned the law. The justices insisted that the regulation of garbage is governed by the U.S. Constitution’s interstate commerce clause, so that the states may not impede the flow of commerce, even when “commerce” is garbage, a product society wants to diminish.

The Court did uphold the right of Michigan to require its counties to build large local landfills. But by separating authority from responsibility, the Court undermined the objective of the law: to encourage recycling and reduce waste generation. When the county can curb waste imports, any reduction in its own generation of wastes extends the life of its local landfill. That’s an incentive to conserve and recycle. But the Court eliminated the possibility that a town might benefit from high levels of recycling, because outside garbage could soon saturate the local landfill.

The Supreme Court decision was unfortunate, because the Michigan law was exactly the kind we need more of. By marrying authority to responsibility on the local level, it gave communities the power to make changes that would be seen and felt at home: those who made the laws would benefit from the laws. That’s the goal of “local self-reliance,” a

philosophy that, after suffering much abuse from the left and the right, may finally be having its day.

To many Americans, “local self-reliance” is an oxymoron, a contradiction in terms. In a country with an ideology of personal freedom but with the largest federal government in the history of the world, we’re used to arguments between those who favor the we of big government and those who favor the me of individualism. “Local self-reliance” implies parity between the me and the we, and even, perhaps, the subordination of individual autonomy to the public good — but a public good defined locally, rather than nationally.

Local self-reliance used to be our norm, even if we didn’t know it. In its first two centuries, the United States’s extreme emphasis on individualism was tempered by the presence of extended families and close-knit urban neighborhoods, rural communities, and small towns. The close-knit community, the town or city, used to be the unit of self-reliance. In the last half century, however, we’ve become more mobile and less rooted. By some estimates, over 70 percent of Americans don’t even know the people next door. Two-thirds give no time to community activities. Fewer than half regard the idea of sacrifice for others as a positive moral virtue. Electronic “virtual” communities replace physical communities. Meanwhile, the scale of public and private institutions continues to grow, and those who make the relevant decisions are ever more remote from those who feel the impact of their decisions.

Today, both left and right, for different reasons, frown upon strong, self-conscious, and self-governing communities. Liberals worry that close-knit communities can be racist, xenophobic, and parochial, a barrier to social progress. They recall the 1950s and 60s, when “states’ rights” became code words for allowing a majority to tyrannize a minority. Liberals also firmly believe that global market capitalism demands bigness in economic and political decision-making. Big government on the national scale is a necessary corollary to big business, a “countervailing power,” in the words of John Kenneth Galbraith. And conservatives’ fear of local self-reliance stems from their hostility to collective decision making, that is, governance at any level, especially if it affects commercial behavior.

Local self-reliance doesn’t so much cut across left and right as it transcends left and right.

Local self-reliance argues that strong communities should be valued and nurtured not only for their capacity to enhance personal security but also because of their problem-solving capacity. Many, perhaps most, of our global and national problems can most effectively be resolved at the local level. The most effective and enduring decisions occur when those who make the decisions are those who feel the impact of the decisions, where costs and benefits fall on the same community. Societies work best when authority is married to responsibility and capacity, when rules channel scientific ingenuity, entrepreneurial energy, and investment capital into creating systems that allow us to extract the maximum value from local resources — human, capital, natural.

.....

There is no catechism of local self-reliance, but the writings of Adam Smith and Peter Kropotkin offer excellent guides to its moral foundation. Smith's *Theory of Moral Sentiments*, an important book, published in 1759 and overshadowed by the fame of its successor, *The Wealth of Nations*, maintains that an innate human capacity for empathy and sympathy is the foundation of a well-functioning society. A hundred years later, after a painstaking examination of the dynamics of the animal and human kingdoms, Kropotkin went further. "Mutual aid" (which became the title of his seminal book) and not Darwin's tooth-and-claw struggle for survival, he argued, was the driving force behind innovation and progress.

Local self-reliance challenges the reigning economic orthodoxy, embraced by all political parties, that bigger is better and global is best of all. It is remarkable how little empirical data actually supports that thesis. Study after study concludes that in education, for example, small schools are best. (And is there a better example of the local institution than the public school?) Small schools have less absenteeism, lower dropout rates, fewer disciplinary problems, and higher rates of teacher satisfaction than large schools. According to the Federal Reserve, community-scaled banks are as efficient, and usually more profitable, than large banks. And they serve the community's small businesses, students, and households better. Small manufacturers generate more innovation and more new employment than big business. Smaller farms are more resource-efficient than larger farms. Smaller cities are more cost-effectively managed than bigger cities.

The conventional wisdom that bigger is better emerged from the unprecedented technological dynamic of the late-nineteenth and early-twentieth centuries. Steel replaced wood. Fossil fuels replaced wind and water mills. Mass production replaced cottage industry. Railroads and then cars replaced the horse and buggy. Markets expanded geometrically. Commerce overflowed regional boundaries and became a national and international affair.

We designed rules to fit this new state of affairs. State legislatures granted private electric companies the governmental authority to seize private property to build high-voltage transmission lines, because bigger power plants generated cheaper electricity than smaller plants. Because jet planes reduced the travel time from New York to California from days to hours, Congress preempted state and local authority over jet noise, even though it is one hundred times louder than the noise communities regulate through disturbing-the-peace ordinances.

Today, however, the technological and social and political context and dynamic have profoundly changed. The newest technologies are potentially decentralizing: personal computers, solar energy devices, desktop manufacturing, electric vehicles. Meanwhile, transportation advances are incremental at best. (Indeed, because of airport and road congestion, it takes longer to fly or drive from point A to point B than it did twenty-five years ago.) A century ago, the environmental costs of extraction, manufacturing, and transportation were ignored. Today, they are increasingly important, encouraging engineers to design more ecologically benign production systems that often shorten the distance between the raw materials, the manufacturer, and the customer.

The external context has changed, but the rules, for the most part, have not. Institutions and habits and paradigms have an enormous built-in inertia. The conventional wisdom doesn't change simply because the rationale for it has disappeared.

We need new rules, ones that promote local self-reliance.

.....

In the late 1990s, the Institute for Local Self-Reliance established the New Rules Project. The web site, www.newrules.org, contains hundreds of actual rules – codes, ordinances, statutes, and regulations – that foster economic and political local self-reliance.

What types of rules might enable local self-reliance?

Let's begin this exploration with a thought experiment. In 1970, Congress enacted the first major environmental law, the Clean Air Act. Among its many provisions was one targeting smokestack pollution. The act ordered factories to increase the height of their smokestacks in order to dilute the concentration of pollutants and therefore reduce their adverse public health impact. But that strategy transformed a local problem, particulate emissions, into the national and international problem of acid rain.

What if, instead of raising the height of smokestacks, the Clean Air Act required factories to lower them, and to curve the end of the stack so that emissions went into the CEO's office? We would have married authority and responsibility, eliminating the distance between the actor and the acted upon, imposing the costs and benefits of a decision on the same community. The nation's CEOs, I believe, would have expeditiously ordered their industrial engineers to design zero-emission production processes.

Now let's move from theory to practice. Thousands of times a year, local jurisdictions seize private property for a public purpose. The Constitution requires that the property owner be compensated fairly. What would happen if we changed the compensation process to value community?

“Fair compensation” is now defined as the market price. Owners of identical houses on the same block would receive the same compensation. But what if one house was occupied by a family who had lived there for three generations while the other had a new owner and newly arrived tenants? Clearly the value of the first property, to the occupants and the city, is higher than the value of the second property. Cohesive communities tend to have lower crime rates and therefore require less in public expenditures. They provide a much higher level of mutual aid to their members, also lowering social costs. It is in the public interest to encourage such communities. How might we take into account the value of rootedness and continuity?

We could pay to both property owners the fair market price as a base, and add a premium based on the length of residency (the same provision could apply to businesses). At a

minimum, the result would be more equitable, since long-term renters as well as short-term owners would benefit. At best, the increased cost could shift the cost-benefit ratio so that the city would abandon the proposed project (a new and possibly unnecessary highway, for example).

Cities are beginning to enact new rules that take into account the new, decentralizing technological dynamic. Consider the case of solar energy. Sufficient sunlight falls on our rooftops in most parts of the country to provide all the energy needed by an energy-efficient household, with enough left over to power a family's electric car. Solar cells are becoming attractive for rooftop installations in urban areas.

Individual self-reliance – each house producing just its own energy, with no borrowing or sharing – is very costly, because the homeowner would have to install far more solar devices and batteries, or install a backup generator, to meet peak demand. Far better to share our supply and demand via the grid system. Indeed, a 1979 analysis by MIT concluded that the optimum arrangement would be for the household to export 50 percent of the energy it produces and import 50 percent of the energy it consumes.

However, many existing electricity rules were written two generations ago to enable one-way transactions, from the utility-owned central power plant to the utility-serviced ultimate customer. A homeowner who installs a solar roof array can require the utility to buy the power and sell backup power. But the utility can require the homeowner to install an expensive second meter, and charge the homeowner two to three times more for the utility's electricity than the utility pays for electricity from the solar array.

No new laws are required to enable individual self-reliance, or self-sufficiency. Homeowners who don't want to be interdependent can simply uncouple from the grid. But new laws are required for local self-reliance. Over thirty states have taken the first step by enacting net-metering laws. These simple statutes require the utility to provide a single meter to run backward or forward depending on whether the homeowner is a buyer or a seller.

In Sacramento, California, the city-owned utility has developed a tariff to encourage what it calls "zero-energy" homes. These homes are not self-sufficient. They are self-reliant. Over the year, their export and import of electricity balance out, making them net-zero energy structures.

.....

Does local self-reliance encourage parochialism and insularity? I doubt it. Self-confident communities, like self-confident people, are better able to deal with strangers and the outside world. And the internet allows communities, for the first time in history, to share information horizontally.

Indeed, one could posit a future defined by two metaphors: a global village and a globe of villages. The global village is based on the exchange of information products; the internet is inherently global. The globe of villages is based on the decentralized extraction and

processing of raw materials into finished products. It's one world of information, but many smaller worlds of production. That's a sane way to balance our strivings for global interconnectedness and local community.

Local self-reliance has three cornerstones: authority, responsibility, capacity. We call it the ARC of community. Without authority, democracy is meaningless. As Alexis de Tocqueville wisely noted, "Without power and independence, a town may contain good subjects, but it can contain no active citizens." Without responsibility, chaos ensues. It is indeed every man and woman and child for themselves, and the public interest be damned. Without a productive capacity, that is, the capacity to produce real wealth, we do not have the practical knowledge to manage our affairs nor the might to determine our economic future.

Authority, responsibility, capacity — that's local self-reliance. It's a flexible, pragmatic vision that should be attractive to people of all political persuasions, if only they could see past their own slogans and clichés. There's hopeful evidence that many of them are beginning to. If that's so, it's our towns and cities — all of us, that is — who will reap the benefits.

.....

David Morris is vice president of the thirty-three-year-old Institute for Local Self-Reliance (www.ilsr.org) and directs its New Rules Project (www.newrules.org). He is the author of five books, ranging from an analysis of the economic and political development of Chile, to an argument for self-reliant cities, to a how-to manual for those wanting to have on-site electricity generation while still being connected to the grid.