

Ed Kirschner lecture - Ithaca, October 2 1981

In terms of being at Cornell [in Ithaca again] I guess I have to throw ~~in~~ some nostalgia into my talk. Actually, well, I should say what I'm doing now with the Coop Bank is I'm acting as director of housing programs in Washington at the Coop Bank which some of you may know about. Now jump all the way back, I think I'm going to take a look at community economic development not just the work that I've recently done or what has been going on around the country. Basically I'll look back and see where it all came from so the parallel how lots of people similar to myself got involved in community economic development and what the movements were during the last ten-fifteen years or so and it may put in context some of the things that are now happening, some of the things that we think should happen, and how we would like things to go. [Also I'm going to try, sometimes difficult, I'm going try to keep my presentation as short as I can which means under a half hour and then we can just a general discussion. In the group that large I think we can treat it as a seminar. I like to answer questions anyway, ~~that should make~~ ^{it makes} it easier, especially when I'm not feeling so good right now; I have a bit of a cold and I may not be clicking.

Anyway, ^BBelieve it or not, my introduction to community economic development [hereon in CED] and community ownership came from this building way back when the one course they allowed us to take outside of architecture (it may still be that way today, but back then we were only supposed to be architects, nothing else) but there was one course that was in planning and it was kind of a history of planning. Of course it was physical planning, and somewhere as I can recall in the middle of that course there was a book that we went over. It was called Garden Cities of Tomorrow by Ebenezer Howard, which was an interesting that we were supposed to look at ^{garden} cities as places to put trees and curbed streets and semi ~~and~~ detached houses and parks and so forth. That was a great thing because we were design oriented. However, I found out in the book that 90% of it does not deal with curbed streets, and I got intrigued. It dealt with something called (or what I guess you could call) community ownership. It made some projections of what happens when people in their local community actually

own their local community, in effect, and what the benefits are. It wasn't also like the towns we were supposed to be looking at of the middle income suburban, it was more of a combination of jobs mixed with residential--it was decidedly oriented to working class which was kind of a unique view at that time at Cornell. But there was this book. Since we were also all undergraduates at that time (I don't know how architecture is now) you were a little naive ^{about things} and you figure if you see it in the book (which we didn't read too many books in architecture; we had lots of picture books but not too many reading books) this was one of those [to read] that made some impression, and I believed then that what was said there seemed to be reasonable and so I put it in the back of my mind. After about 3 or 4 years at Cornell Architecture one very dim December day that we all know about I put the maps of the U.S. on the floor and the climate profiles of all the cities in the U.S. because I just couldn't take a 5th year in upstate New York. I think what really settled it that December day was I found that there was one other city that had a similar weather profile to Ithaca and that was Anchorage, Alaska, except it had more sunshine. So I packed up and went across country looking for brighter climates and architecture schools still, of course taking the southern route, and wound up in one of all places in the early 1960s I wound up in Berkeley, CA, where I continued to work in architecture but with an emphasis again on new towns, how to effect the design, the design of communities, the design of cities, still remembering some of the things from Ebenezer Howard. At that time there wasn't too much happening in Berkeley; that was just prior to free speech, but a little while later I was still out at Berkeley and the movement around campus started to develop. I'm talking about the late 60s and the mid-60s : the beginning of the Vietnam War, the civil rights movement, the free speech movement, just the trends that were happening, the kinds of things that were happening in the 60s. I did not get very much involved at that time other than to, I wouldn't call it hijack, misdirect some napalm trucks but that was about the extent of it. I then, after finishing there, worked with new towns. I figured I should work with one so I got involved with Columbia, Maryland, for a

couple years on the original design team. For people that don't know, it was a suburban town being built by the ~~Raus~~^{Raus} Corporation between Baltimore and Washington, closer to Baltimore, for some 120,000 people. At that time there was no one living there, it was just a bunch of cornfields. Naively, I decided at that time that Columbia should be like Ebenezer Howard said, a new town and that was more than just curbed streets and trees. They definitely at Columbia liked my curbed streets and trees. They did not like the idea that I was trying to make their village centers cooperatives. They emphasized that; a memo came across everybody's desk that every part of this project must make 20% profit, that includes the recreation center, the swimming pool, the skating rink, the townhouses, everything had to make lots of money for the corporation, although supposedly Columbia was the most socially advanced of the new towns. In one way it was; it was the first integration of the suburban areas between Washington and Baltimore. In fact at that time even from the beginning 20% of the population was non-white. As an aside, the income profile of the population, the non-white population, was higher than the income profile of the white population. This just shows ~~how-the-demand~~ what kind of demand and how segregation restrictions had been in that area. Well, I was a little annoyed because Columbia wasn't becoming a cooperatively-owned new town even though it was a very reasonable thing to do ^{since} Ebenezer Howard said it should be done and there was a place down the road called ^{be it} ~~Greenville~~, Md., which had been done as a federal new town, publically owned new town, and had maintained, even though under Eisenhower they had sold it off in effect--they thought "My God, a publically owned town! There's something un-American about that, so sell it." But the folks there were able to keep some of the institutions and their housing as cooperatives, but the town itself ceased to be built under public auspices. I thought that a nice thing to do would be to get back out to Berkeley because things were kind of perking out there and around the country and by that point (1968) things were very much perking around the country, around Vietnam, urban riots, assassinations, and the beginning of student strikes around those areas. I happened to take with me, just for the hell

of it, Columbia's economic model because I figured let's see if Ebenezer ^{was} ~~is~~ right; let's see if his ideas, that seem to go back a long way, that people ^{in effect} ~~respect~~ ~~that~~ ~~people~~ on the local level can control their own community, their own economies.

I took, at that point, mostly an academic interest in those ideas. I also happened to have worked at a place called Arthur B. ^{Little} ~~[Willow]~~ which was doing economic models on other new towns and got their economic models. The general idea was using their ^{own} ~~wrong~~ technology and analysis see whether there would be any difference and does it mean anything. We talk about cooperative ownership, local ownership, we talk about community ownership and the benefits we get from it, not just in terms of democratic control (democratic control of the community, democratic control of economic institutions), but actually to get the benefit, the dollar benefit. My view has always been that people tend to like those programs and issues which make money for them, and I wanted to take a look and see whether that was the case.

¶ What I did then was spend about three years structuring a model based on Columbia and the other new towns in the U.S. but using, comparing it under its own format with that ~~the ideas~~ proposed by Ebenezer Howard and the European new towns and, the public new towns in Europe, which were generally locally oriented, local ownership, cooperative ownership, and see if there was any significant difference in those towns. Nicely after it came together it did show a difference, it showed a very nice difference, it showed something that had confirmed something that had been said by the European new town planners, and that is local ownership, cooperative ownership, the relationship is basically this one and that is: land value, all land value, is equal to public investment. That was a very, very interesting thing to find out economically, because it makes a lot of sense. In other words, the land has no value unless the public puts an investment in it. If you think about that it seems right. What does it mean? Well, what's a piece of land worth if there are no roads, sewer or water or utilities that are put in the by the public? No school system, no public support structure, no infrastructure. What's the value? Well, it has an agricultural value to some extent and that's it. Urban value is on a virtually one

dollar to one dollar, ^{basis} related to public investment. Now that's interesting in our system because our system says that, what it implies is that all private value is predominantly private value in the U.S., and our economic system does to a great extent relate to land. That is all land value, private ownership, is a direct transfer from the public till to the private till. So that for every dollar invested by the public, one dollar goes into someone's private pocket. Now that's not a bad idea per se if everybody's pocket is open the same as everybody's ^(pocket is open in) paying taxes, but that's not true. Ownership is concentrated, taxes are broad. That means that it's a standard mechanism for consolidating people's money from a community or the public and putting in the pocket of one or two people or corporations. Very, very direct relationship. That's basically what Ebenezer Howard had been saying on new towns and what the European new town planners had been saying, and a lot of the governments in Europe had been saying into the 30s and 40s. It was interesting to see that that could be shown econometrically. If you want to check it, just go ^{through} any studies and take like the gross national accounts of the U.S. and you'll see that land values approximately interest equal to private land value in the U.S. is about equal to public investment in the U.S. [?] Well, that was just to see something and what it also showed in the context of that time was the people in the community there, that I was in, Berkeley, were involved in a lot of local struggles and were involved in a lot of ways ~~and~~ that they would like to have some sort of control of their own economic destinies, their own political destinies, and so forth. At the time what I did was get involved in some of the activities that were going on in the late 60s and early 70s that tied together actually with the work I had been doing academically. It's hard to see the exact relationship between People's Park and community ownership studies but in ^{effect} ~~fact~~ that was the struggle over who controls the land. Does the community control the land or does an absentee owner control the land and who makes use of it? Does the land belong to those who use it, have a use for it, or does land have some abstract ownership relationship, which is whoever happens to own it doesn't have to use it, they can just do ~~nothing-with-it,-they~~ anything they want with it or nothing with it, even though there is use for it by the community that is

immediately surrounding it. So that was a very big issue as you probably know from
 history, in Berkeley at that time. Some other things developed at that time, too.
 That was the organizing around the housing issue, rent control, land use controls,
 issues of that type, zoning issues, neighborhood control and so on. In some way I
 saw these things all tied together and worked with the various political coalitions
 in not only Berkeley, but Oakland and the Bay Area, on these issues to see how some
 of these ideas could be developed locally and in existing community that I had been
 looking at more in an abstract or academic way. There were struggles, as you know,
 electoral and others around control of a local government there, and that was another
 concept that came out with the new towns. That is that if you want to have control
 economically you have to also have control politically. They are not separate. That
 was pretty clear; just looking at all the, I mean going back to Columbia in effect
 the Raus Corporation was its own government, and where it isn't its own government
 it controls the local government. For example, it's not written but the only
 regional shopping center ~~is~~ that can be built in Howard County where Columbia is is in
 the middle of Columbia, MD. There can be no other regional shopping center, for
 example. Zoning, we wrote the zoning ordinances, for example, at the Corporation for
 Columbia; it had never been done before and they had no zoning basically. All of the
 codes, all of the controls, all the utilities, and so forth were really controlled
 by, even though in most cases paid for by the public, the control was with the project,
 with the developer of the new town. That was an experience ^{that} ~~of~~/other new towns have
 had. In Europe it's that way, it's the local government that has control. Anyway
 there were certain things that came out of that including looking at all of the
 different resources that you have locally and what would be the best way to use them
 and how, and what would be the ones you would want to emphasize. Well, it was
 clear that land was the most important to start with, that you can get a handle on
 an inch of it, that housing was the next area because it represented ^{such} a large part
 of everybody's budget and such a large part of the capital investment in an urban
 area and it is the largest investment sector in the economy, so housing is a pretty

reasonable one to be looking at as an issue. Real estate generally and utilities, these are the areas we found in doing the studies were the most reasonable^{one's} in terms of having control of locally, because they can't run away--housing is not going to run away and an IBM plant can leave but housing won't be. Utilities are not going to leave. Then, of course, finance, how do you finance all this? I assure you if you control the local government you have more control of financing than don't. It's very simple. You have the same number of people making as much noise as possible and the amount of financing you^{are going} get by being a private organization is miniscule compared to what happens if you become a public organization with some public powers. Some summaries on these, if people are interested at these, were put together by, there was a group that was mentioned that I organized out there and a book came out of that group; I think somebody had it right here. The Cities Wealth. That looked at what was an earlier work ~~called~~^{called} Ownership in New Towns and Old Cities which is a summary basically of everything I've just said. And that looks at the development of new towns as a model for where to get a handle on control in existing communities both urban and rural. Then those programs would translate into the context of Berkeley as a model for other existing urban communities. We also looked at Oakland. There was also an article done at that time in the first issue of Working Papers for a New Society called "Controlling the Cities' Wealth." Based on each of those sectors, then, people got involved in organizing around the different issues: housing, rent control, coop conversion (we looked at that), utilities (there were several attempts to take over the electric company, the telephone company and the cable tv, and I'm not going to tell you which one of the utilities were not successes in our case. You know in N.Y. State in a couple of areas and in the New England area some of those have been successful and it is a way for a local community to control one of its basic resources and make some money on the side. All the analysis, by the way, of the utilities in the U.S. show that the public sector utilities, the local public sector utilities, make a hell of a lot of money for local governments and local communities and are as efficient or more so, and by the way, are

infinitely [smaller] and so they're also good models of how you can provide a very essential service on a decentralized basis and make money out of it and have it controlled democratically. It's a nice model to look at.) That is basically the goal of most of the work that I've been involved in through the years both practically and academically, and that is looking toward a democratic economy, a decentralized democratic economy. All of this sort of came together at the right time. Right at the midst of this Nixon was in power and cut back all of the urban programs. Housing happened to be one of the large areas we were working in because it is essential to look at housing programs at the local level, forget all the federal money. Can you still do that? And what we did was to look at the various powers of local government and see how they could be combined--their financing, their control of land, their redevelopment powers and so forth--to see whether you could do community-owned, cooperative-owned housing. We did that, and we have produced housing, hundreds of units of housing, under that model with very little use initially of federal funds. With that [gap back] again clearly the federal government is backing out and, with a vengeance--it looks even worse than during the Nixon time--it opens up the question of can you do anything locally, and what can you do and how do you do it? That's about where we're at now except for a couple of other points. I don't believe, nor do the people I ^{we} work ^{and} with, the groups I've worked with, believe that you can do it all locally. Nor can you do it just in an urban area, and by the way, that's the point that would be made if you went all the way back again to some of the new town ideas to counter the idea of combining urban and rural and the organizing issues and the economic issues that you face in rural areas is very similar to urban areas, especially in Cal., in the specific cases I've worked with. For example, I helped set up National Land for People about 6, 7 years ago, which is a group that worked for land reform in the U.S. A strange thing, the U.S. always supports land reform in any place in the world other than the U.S. Well, land reform is a necessity in the U.S., as well as anyplace else, especially in the Western states ^{where it's} ~~which is~~ largely corporate. The other is a local, state, and national tie. You cannot think that you

can make everything happen simply on any of those levels. Any one of those levels is inadequate. What you do is you work in those areas you work best in and those areas which are most practical at this time, so we worked, the same we were working on local issues, I was working with some state issues. There was a time when Jerry Brown was considered the "New Left" governor, he actually was willing to look at some things, and I worked with one of his agencies

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the basically the unemployment office on ways of creating jobs in California by using the pension funds of California to finance it. Not a bad idea since California controls in its public pension funds 20 billion dollars and hardly any of it was invested in California. It wasn't unreasonable to think that some of that money could be invested locally to create jobs. The guy who I was working for got fired within six months, the first person. Jim _____ on this, the books out on that situation if anybody wants to look into it. It didn't fit with Jerry's view which is now Reagan's view, or actually it was always Reagan's view, that government can't do anything, and less is more in terms of government, and that to suggest that there's any power that the government has, locally or otherwise, that could help a community and help people is sort of a blasphemy. Well we came out with a blasphemy and the guy got fired. The other is the national tie. It's clear now where I'm working, and I had a little bit to do with many many other people in pushing for an institution that could provide financing for the kind of community oriented ventures and investments that we all wanted to do but do it on a national level. That was the creation of the national consumer cooperative bank. A pure fluke. I work for it. I still think it's a pure fluke. There's no reason why it should exist, I mean given all political realities in the country, it's a fluke that it exists. But it exists and it beat Stockman. It is the only agency that has beat Stockman. We have gone private, we got all of our money from the treasury. We now have an election coming up in the beginning of next year where our coop members will elect the board of directors. We will no longer have federal control but we have federal loan money. And we have been slated for elimination, is the word they use in DC, and its _____ coop bank elimination. We beat them in the Senate, not just in the House. Both in the House and in the Senate. Various _____ reasons for being able to do that. The creation then of a national institution for economic development, community oriented and cooperative oriented economic development. There are very few but are increasing

examples around the US of communities that are looking at having control of their own community and having--using governmental powers--local powers for economic control and the creation of decentralized economic institutions. One such place which has just happened recently is Santa Monica, California, also Burlington, Vermont. Hopefully, it's always this way, it's always like that. It's always better from outside. So you get, for example, probably people didn't know. For example, the left coalition never had a majority on the city council in Berkeley, never. However it had moved the political spectrum enough in the community where a republican couldn't run for office in Berkeley. Everybody on the city council actually were democrats. And it was the left democrats and the democratic socialists on one side and the moderate democrats, what would be called liberal democrats in any other community, on the other side. Also the Cox section in Berkeley, it has a long history of cooperative institutions. It has the largest student housing cooperative in the United States, it has by far the largest consumers cooperative in the United States, all set up in the '30s. And many other cooperative institutions which by the way still have the same kinds of polarizations in those instances as was on the city council. There are movements we see around the world which I think look in this direction also. Not just obviously what's been happening in France and in Poland. What happened previously at the municipal levels throughout Europe, especially in Italy, northern Italy. Controlled by organizations that believe in ^a democratic economy. More and more decentralized. Some of that control is by organizations that don't believe in decentralization but the trends towards decentralized economic control has been increasing and I think that that is one of the few hopeful views I think coming towards us in the '80s. And I think at this point it's a good thing to have it as an essential thing to have economically. My own feeling now is that it is essential for our survival as a planet. That unless a more humane decentralized democratic control of the economy can take place throughout societies _____, that the kind of incredible conflicts that we have seen between the capitalist countries and the

eastern socialist countries is going to go only one way and that's to blow us to hell. So that I feel that a lot of what we have been doing and a lot of what we see developing hopefully, in effect, is a center position that will enable the different societies, the advanced societies to come to some common ideological understanding. If we don't do that I don't think we're gonna make it to the end of the century. That's kind of a depressing note to end it on but its also a hopeful one, I do think it can happen. And I see signs through the U.S. and through Europe and other places in the world which indicate that it is happening and again the focus being in all of these being a local focus but through a broader national support, a broader support of not only national but even international, but with the focus being local , local control and democratic control of institutions.

END SPEECH