



conference on **ALTERNATIVE** state and local **PUBLIC POLICIES**

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Editor: Barbara Bick

Alternative Legislation

Tax Compact

Twenty-one states have won a major court victory over big business. The U.S. District Court in New York City has upheld the right of these states to cooperate, through the Multistate Tax Commission, in enforcing their taxes against interstate businesses. The decision means that U.S. Steel and ITT, among other interstate corporations, will have to submit to joint tax audits. Much of the \$6.6 billion in net corporate income taxes paid to states in 1975 came from large interstate corporations. Through joint audits of interstate corporations, state tax administrators expect to collect considerable additional tax revenues. (U.S. Steel Corp., et al. v Multistate Tax Commission, et al. 72 Civ. 3438-CLB)

Drug Substitution Law

Florida's new drug substitution law is regarded as a trailblazer in consumer legislation. One of 19 states with drug substitution measures, Florida goes further than the others, requiring druggists to offer to fill prescriptions with the least expensive generically equivalent medication. For more information write to Florida Legislature, Legislative Information Division, Tallahassee 32304.

Utility Bill of Rights

The Washington State Utilities and Transportation Commission has adopted rules prohibiting utility companies from collecting deposits from customers who have good credit and requiring interest for customers who must pay deposits. The Consumer Bill of Rights also requires the companies to tell customers they may take complaints to supervisors and establishes hearings procedures for unmet complaints.

Anti-Nuclear Initiatives

Initiative Measure 325 in Washington State would prohibit the construction of nuclear power plants unless Federal limits on operator liability were waived, the "effectiveness of safety systems" are demonstrated, assurances are provided that radioactive wastes and toxic chemicals can be stored "with no reasonable chance" of leakage, and a need can be demonstrated for nuclear projects on a case by case basis. In addition, each project would have to be approved by a two-thirds vote of both houses of the state legislature.

Measures to restrict nuclear power development will also be on November ballots in Arizona, Colorado and Oregon.

Talk About **Cities**

"The Revolution of Declining Expectations" (p. 2)

by Felix Kramer

The politics of the new austerity strategy is incisively examined, with particular attention to New York City.

"Updating Economic Populism" (p. 3)

by David Smith

New legislative responses to the old industrial cities' economic crunch.

"Northeast Cities Conference Set" (p. 6)

by John Alshuler

Public Officials and others from large and small cities to meet Dec. 10-11-12.

"Progressive Politicians and Public Employees" (p. 11)

by Paul Booth

AFSCME representative urges consideration of higher taxes when necessary to retain basic services.

The Revolution of

By Felix Kramer

If the 1960's was the decade when anything seemed possible, then the 1970's, according to a growing number of politicians and social theorists, is the time to acknowledge the failure of our visions and to lower our expectations. "Cutback" is the new watchword of politicians of every persuasion. The strategy's appeal lies in the way it capitalizes on the nation's general anti-political, anti-status-quo mood. The attack on "big government that has tried to do too much" will prove a fraud since public expenditures are hardly the principal source of society's profound economic troubles. As a percentage of the GNP they have changed little since the 1950's.

Austerity cannot be benign. It begins as an attack upon the recently secured rights and powers of the urban poor since its context is a society increasingly incapable of providing sufficient jobs for its people. Our basic infrastructure—the housing, health and education of the workforce, transportation, the use of advanced technology in heavy industry—has year by year fallen further behind the needs of the population. Waste production, broadly inclusive of military expenditures, built-in obsolescence, production and goods that are energy-inefficient, conspicuous consumption, and the massive duplication of services for pyramids of paper-shufflers in all the financial and speculative industries, occupies an ever-growing portion of the workforce.

The profitability of waste production has increasingly blocked investment in production of necessary goods and services. Simultaneously, U.S. corporations and multinationals have moved their traditional low-wage manufacturing plants to other nations. These labor-intensive enterprises traditionally provided jobs in the cities. Consequently unemployment is now a permanent fact of life for many low-skilled and poorly educated Americans. If the national urban crisis can be said to have any one prime cause, it is the lack of useful work for many millions of people.

Federal spending, a growing private service sector, and increasing state and municipal employment did offset some of the impact of the job drain for a number of years, particularly in urban centers. But in the late

1960's, the economy began to falter. Welfare, health and education seemed to be the logical sectors to be raided to prop up the growing non-productive sector of the stagnant economy. Public spending cutbacks were to be the answer for the many hundred-billion dollar "investment shortfall" projected for the coming decades.

Americans take for granted their access to basic public services: police and fire protection, hospitals, schools and libraries. For this reason, austerity took the form of accusation: "It's not that you do not need these services, it's just that you've had a free ride for too long. Sorry, but we need to save our resources for new business investment."

Be armed with information about the latest and best responses, programs and legislation designed to combat strategies of austerity and concentration of economic power. The "Second Annual Public Policy Reader" contains sections on NEIGHBORHOOD GOVERNMENT, CRIMINAL JUSTICE, GOVERNMENT REFORM, EDUCATION, FOOD, LAND AND GROWTH, HEALTH, CONTROLLING CORPORATIONS, ENERGY, ECONOMIC DEVELOPMENT, TAX REFORM, PUBLIC ENTERPRISE, AND POLITICAL ORGANIZATION AND LONG-RANGE PROGRAM. Published by the National Conference. \$7.50. ORDER YOUR COPY NOW.

The austerity regime would be characterized by a general freeze of living standards, and in some cases, a rollback of benefits already secured. Several distinctive strands are developing in the austerity movement; some focus on attacks on trade unions, others on personal habits of middle class consumers. But all have agreed on a first target: the newly unionized municipal labor forces, together, of course, with the clients of urban service institutions.

New York City has become an object lesson for the nation's first massive reduction in social services since the Depression. The city was extremely vulnerable due to its dependence on Federal funding for social programs. A national economy in recession, job losses, and inequitable city-suburb relationships, all contributed to a declining tax base. In addition, a major shift of investment resources out of municipal bonds, beginning in 1972, had rapidly accelerated by 1975.

Declining Expectations

The continued expansion of human services was incompatible with the financial community's plans for the long-term evolution of the city. New York has changed from a port of entry for immigrants and a center of specialized businesses and small scale production. It has become the center of an unparalleled network of services and personal connections facilitating business, investment and trade throughout the world.

Business leaders and newspaper editorialists also determined that the city's vital new municipal unions had gained an unacceptable political leverage over elected officials. As a result of a year of turmoil in 1975, New York City unions have been considerably weakened and to keep their losses at a minimum, they have been forced to become equal partners with the major banks in ownership of the city's debt.

New York is merely the first of the urban supplicants for state and federal aid. But no more funds are forthcoming from any level of government. All the money is budgeted for debt service and continued cost—plus profits to avert bankruptcies in the economy's non-

productive sectors.

The austerity campaign has already transformed the framework for local electoral politics. As social programs increase in cost, the burden of producing all the goods and services to support a society of young and old, of unemployed and unemployable, falls upon the declining portion of the population that works, and the even smaller percentage of workers that is truly productively employed. Every pension benefit, every built-in inflation escalator clause, in fact every collective bargaining agreement or Social Security benefit, promised in perpetuity, thus becomes a potential time bomb.

Spending programs, such as the extension of unemployment benefits to municipal and state employees, easily enacted and funded in earlier years, have become harder to deliver in the recession-plagued 1970's. In the new political landscape, interest groups plead with the elected officials, not for new concessions or pro-

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Updating Economic Populism

By David Smith

Not many years ago when one talked of the Bank of North Dakota or the TVA it was to reminisce about a time that once—or perhaps more accurately—never quite was. Those two institutions were reminders of a populism and democratic politics which died with the economic recovery prompted by World War II. The ideas of peoples banks and public ownership were replaced—permanently it seemed—by an admixture of public assistance programs for the poor and federal bailouts designed to prop up the Fortune five hundred. Government was asked only to use its Keynesian bag of tricks to smooth out bumps in the business cycle, while providing enough benefits to the unemployed to insure their quiescence.

Today that is changing. Elected officials in at least eight states have or are prepared to file legislation establishing state-owned banks. Congressman Harrington and Congresswoman Abzug have drafted pieces

of federal legislation which would establish publicly-owned regional development banks. The state of Vermont actively assisted the purchase by workers of an asbestos plant slated for closure by its multi-national conglomerate owner. Massachusetts has passed legislation establishing a publicly-owned venture capital corporation aimed at financing ventures owned by community development corporations. Led by Michigan, Colorado, Pennsylvania, and Massachusetts, state banking and insurance commissioners are moving beyond traditional safety and soundness concerns to ask what is the public stake in the investment policies of those institutions. In Hartford, Madison, Oakland and Buffalo local officials and community groups are engaged in a variety of experiments involving local ownership and/or the creation of new public capital instruments. The list could go on. From this perspective at

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Corporate Disclosure

Alaska has recently enacted legislation which requires corporate disclosure of ownership interests. The act requires corporations doing business within the state, domestic or foreign, publicly or closely or closely held, to report annually the names and addresses of persons who own 5% or more of the corporation's common or preferred stock. In addition to the names, the corporations must disclose the number and percentage of shares held. By filing this information with the State's annual report, the information is made public.

Corporal Punishment In Schools

The Supreme Court decision upholding the North Carolina statute permitting teachers to hit children over the objection of their parents has stirred interest in the subject of corporal punishment as a teaching tool.

Efforts to limit or abolish the use of straps, paddles, canes, whips, belts and rulers by teachers upon children will have to proceed on the local level until a majority of communities are free of this albatross. Only then will the Supreme Court reverse itself and rule that children as well as prisoners and the insane are to be granted sanctity of their persons against institutional assault. At the present time 48 states permit corporal punishment and some of these do not permit local option. In the largest cities corporal punishment has been abolished for the most part but it is still rampant in others.

In California progress has been made in three steps. First a concurrent resolution requested the Department of Education to make a survey to ascertain the facts. Second, a law to protect the handicapped was introduced and passed after being amended to require parental permission. Third, a bill requiring parental approval on file in the school before corporal punishment could be

administered was passed and went into effect Jan. 1, 1976. Many districts mandated total abolition rather than bother with requesting written approval of all parents.

A model law, based on the New Jersey statute is recommended by the National Education Association. Further information and data may be secured from: the committee to End Violence Against the Next Generation, 977 Keeler Ave., Berkeley, Ca. (415) 527-0454.

Tenant-Landlord Relations Commission

The Citywide Housing Coalition of New Orleans has proposed an amendment to the city charter which would establish a 5-member Tenant-Landlord Relations Commission. The amendment provides renters protection against retaliatory eviction, establishes a procedure for the conciliation of grievances and outlines a formula for rent regulation.

Although more than the required 10,000 signatures had been collected, the New Orleans City Council declared the amendment unconstitutional and did not place the initiative measure on the November ballot. A court decision is pending. For further information contact: Jo Ann Canaday at the Citywide Housing Coalition, 808 N. Robertson St., New Orleans, La. 70116.

Living in the Cities

The rights of cities to require that municipal employees live within a city's boundaries has been upheld in a recent ruling of the U.S. Supreme Court. Local residency ordinances have been a controversial issue in many parts of the country.

In New York City, a residency law requiring city employees to live within the five boroughs was repealed in 1962. A bill is pending in the State Legislature to restore the requirement for new employees.

Programs and Proposals

By Derek Shearer

Direct Marketing

One way to cut the high cost of food is to eliminate the middleman: market food direct from the farmer to the consumer.

In a few areas around the country, public officials are championing programs that do just that.

In California, the state Department of Consumer Affairs has initiated a toll free statewide number that informs callers where there are surplus fruits and vegetables which farmers are willing to sell cheaply or let city folks pick themselves. According to Ruth Yannatta, assistant to the director of the Consumer Affairs Department, the program has been a success since its beginning this summer. Participating farmers have quickly sold out their surplus products and city dwellers from both southern and northern California have enjoyed a ride in the country and bargain shopping.

Also in the west, in Honolulu, the city's mayor has sponsored a weekly series of farmers' markets for low-income city residents. More than 25,000 Honoluluans shop at 21 scheduled locations of

"People's Open Markets," as they are officially designated, at substantial savings from supermarket prices.

The city invites farmers and other vendors to sell their fruit, vegetables and certain other foods—frozen meats, packaged products such as seafood—directly to the consumer bypassing the wholesaler or retail store. It supervises the vendors, provides the open air marketplace in 21 poverty neighborhoods, usually at a parking lot by a city park or recreation center. Vendors are required to sell below the price at which wholesalers sell to retailers, as established by the State Department of Agriculture.

A detailed report on the innovative program can be found in the *Wall Street Journal*, July 26, 1976, in a front page article by Herbert G. Lawson. For additional information, write: Mayor Frank Fasi, City Hall, Honolulu, Oahu, Hawaii.

Information on the California program is available from: Office of the Director, State Department of Consumer Affairs, Sacramento, CA. 95814.

Workers Rising in South Bend

Last month, the *Wall Street Journal* informed its readers. "The workers take over a factory, and the government backs them to the hilt. Moscow, 1917? No, South Bend, 1975 . . ."

What happened is: on June 6, 1975, Wilmer D. (Vinegar Bend) Mizell, a former major league baseball pitcher then serving as assistant Secretary of Commerce for economic development, delivered \$5 million in public funds to the city of South Bend, Indiana as

part of a joint federal-city effort to help the employees of the South Bend Lathe Company purchase the plant in which they work.

The operation was conducted by the Economic Development Administration of the Department of Commerce, utilizing a device called the Employee Stock Ownership Plan (ESOP), first proposed by San Francisco lawyer Louis Kelso. EDA's activity in South Bend is a case example of the potential for a federal agency

Updating Economic Populism Continued . . .

least, it seems certain that economic issues and questions of public control over capital will be a major part of an alternative politics agenda for some time to come.

While it is exciting to report on the enormous amount of activity, and even more exciting to note the progress of some major initiatives, one is quickly sobered by an attempt to understand the extent of the economic breakdown which has forced us to explore these new arrangements.

There is no need here to recount the shift in economic and political power which has crippled many of our older industrial cities. (Excellent papers from the *National Journal* and Congressman Harrington's office are available through the Conference office in Washington.) However, it is useful to remind ourselves that effective unemployment rates of well over 10% have been the norm in center city communities since the beginning of this decade. Buffalo, Detroit, Philadelphia, and Boston (to pick only a few examples) are perilously close to the no-win choice of bankruptcy or confiscatory property tax rates. While the most exciting alternatives are being generated at the state and local levels, the legal and resource constraints facing those governments severely limit their options. This again highlights the centrality of federal expenditure and tax policies. And while the economic and human consequences of urban disinvestment and large scale regional capital shifts are clear, it is not clear that we have yet understood the requirements of a responsive alternative politics.

At our first annual conference in Madison there were no elected officials from major urban areas. One year later in Austin a caucus of elected officials from little cities with big universities would

have overwhelmed one called by elected officials from big cities with lots of poor people. If it comes as no surprise that people of color and those who represent constituencies of working class ethnics have not found the Conference a comfortable political environment; it should, nonetheless, be a cause of substantial concern. Serious alternative politics designed to respond to the economic problems of our major cities must be built upon the specific realities of those cities, just as were the no growth anti-development politics of Austin's and Santa Barbara's insurgents. City people and others in the Northern industrial tier must create their own politics of redevelopment. Such a politics might well mean a transfer of wealth from the Sun-belt to the Northeast and North Central states, just as successful community pressure on local banks or savings and loans to end redlining can mean less capital in Evanston or Newton's housing market.

It is still premature to assert that there is a clear conflict between the re-birth of the Northeast and the continued growth of the rest of the country. Nonetheless, it is clear that for the Conference to succeed, and for the initiatives described earlier to have real impact we must turn our attention to the hard questions of forging a coalition which reaches from Madison to Milwaukee and Boston to Williamstown.

Elsewhere in this newsletter John Alschuler describes plans for a Conference sponsored meeting focusing on the problems of older cities, which can be a serious first step in this direction. A substantial portion of time will be spent on nuts and bolts issues related to program initiatives at the local level while the final day will address questions of federal policy. The recommendations and initiatives which will emerge from these discussions may well identify sharp regional and urban/sub-urban conflicts. However, our challenge is to find approaches and programs that can win support from all sections of the country and that will lead to more evenly filled caucus rooms at our third annual conference next summer.

Professor David Smith teaches at the College of Public and Community Service at the University of Massachusetts in Boston, and is a consultant to the Massachusetts Task Force on Capital Formation for Economic Development.

to encourage and support new ownership and work arrangements in factories and offices around the country. Under an administration committed to workplace democracy, EDA could play a greatly expanded role in creating worker-owned firms.

In any event, city and state officials in areas hit by plant closings and layoffs would do well to contact EDA about its program to assist worker ownership of firms. Funds are available to city and state

governments, which can then be loaned out at low interest to worker-owned trusts that purchase company stock. Once the workers own their own plant, there exists an opportunity for instituting democratic participation in the managing of the enterprise.

(For background on EDA's aid to South Bend, see the *Wall Street Journal*, August 16, 1976, article by John J. Ryan on page 28, "How and Why U.S. Helped Workers Take Over a Machine-Tool Plant.")

Northeast Cities Conference

By John Alshuler

On December 10, 11, and 12, state and local public officials, public employees and political activists from large and small cities of the Northeast will gather in Hartford, Connecticut to discuss structural reasons for the decline of older urban centers and to review specific policy alternatives which attempt to address the problem. The program will be based upon three broad themes: 1) the role of state and local government in the public control of public wealth and development 2) the ability of cities to provide social services; and 3) the impact of the federal government on the economy of the region and its cities. Sponsored by the National Conference, and hosted by the Hartford City Institute, the agenda is designed to assist state and local public officials to develop and implement programs which transcend the welfare state's response to urban decay.

The pervasive collapse of the cities of the Northeast has become an accepted part of the political lexicon while the dismal statistics continue unabated:

- Between 1969-1973, Buffalo, Cleveland, Pittsburgh and St. Louis lost more than 20% of their population
- Between 1970-1973 national employment expanded 17% while Boston, Cleveland, Philadelphia lost 100,000 jobs; three quarters in manufacturing;

Different numbers with the same message describe cities from Detroit to Troy to New Bedford. At the same time, the Sunbelt cities continue their post-war development. Fueled by defense contracts, high technology industry, and oil and agri-business, the growth of Houston, Phoenix, et al produce a very different statistical picture.

This disparity is imbedded in the structural characteristics of the Northeast economy: high energy costs, out-moded or decayed capital stock, capital shortages and misallocation, and labor costs among others. An alternative public policy agenda must develop programs which address these underlying causes without dividing city against suburb, or exacerbating racial and class conflicts.

In Buffalo, Boston, Hartford, Washington, and other large and small cities public officials are proposing and implementing alternative approaches to the provision of public services. Hartford's district and team police reorganization is divergent from Buffalo's neighborhood government initiatives; the Massachusetts Lifeline Bill differs from Connecticut's Public Utility Control Authority. But all these proposals share two premises. First, they are based on a common belief that State and local governments have an obligation to utilize the courts, the legislative

Alternative Legislation Briefs Continued . . .

Model Health Legislation

The Conference Clearinghouse has published model legislation for a community-based, publicly-funded health service. This bill incorporates many of the best ideas developed by health activists over the last decade in the areas of expanded health rights, community and worker control of health facilities, health worker education, and health care financing. Prepared as part of a project at the Institute for Policy Studies which examined national systems of health care, the legislation can be adapted for use at the state

and local level. The bill is available from the National Conference; see back page for order sheet.

Truth In Selling

Austin Mayor Jeff Friedman is sponsoring a proposal which would provide the City with the total net selling price of each piece of real property involved in any change of ownership. Such disclosure would enable the Tax Department to internally check its own estimates and guarantee all citizens the most current, accurate and fair evaluation of their property.

In addition to assuring that all real estate transactions are

"Public Control of Public Money" by Derek Shearer, discusses the question: Should states and cities have their own banks? This 30 page monograph has the information you need to keep abreast on this widely discussed issue. The first chapter "Little Bank on the Prairie" relates the history and present circumstances of the Bank of North Dakota, only bank in the U.S. completely owned by a state government. Other chapters recount the objectives of a public bank and review the structure, operation, financing and politics of a public bank. Also included are a bibliography, status of public bank legislation, and model state bank bills.
Published by the National Conference. \$1.50.

reported to the Tax Department at the actual sales price, Mayor Friedman has asked that an ordinance be drawn up to require that sellers of real property provide land-use af-

fidavits to the buyers of that property which would contain the current zoning status and classification of the property being sold as well as other important information.

ce to Explore Alternatives

arena, and regulatory boards to advocate the economic and social needs of urban residents. These initiatives, particularly those at the local level, also share in a mutual advocacy of the rights of neighborhoods to play a significant role in the management of a decentralized social service delivery system.

Saturday December 11, the conference will present concrete experiences of state and local governments with crime and public safety issues, neighborhood government, affirmative action, public employees, state and local tax reform, manpower problems, energy policies, and health care

Sunday, December 12, the conference will focus on the impact of federal policy in exacerbating the decline of the urban Northeast, and concrete proposals which address the region's needs.

Research initiated by Rep. Michael Harrington and others has clearly defined the damaging impact of federal tax and expenditure policy on the region. Utilizing much of that data, a report of the *National Journal* notes that

"in fiscal 1975, the Great Lakes States paid \$62.2 billion in federal taxes and received \$43.6 in federal outlays. Their "balance of payment" deficit was \$18.6 billion. The Mid-Atlantic states lost \$10 billion while the 16 states of the south showed a

balance of payments surplus of \$11.5 billion."

Thus the balance of payments negatively affects the Northeast and Midwest where already, "population is stagnant or declining, where unemployment is most severe, where relative personal income is falling and where the heaviest state and local tax burdens are imposed."

In addition to these broad questions of regional inequity, the Sunday agenda will address the impact of federal regulatory policy, manpower programs, the need for welfare reform and the impact of the revenue sharing formula.

The conference has been planned by an informal coordinating committee comprised of Hartford City Councilman Nicholas Carbone, Boston City Councilman Lawrence DeCara, Washington D.C. City Councilman Marion Barry, Massachusetts State Representatives Barney Frank and Mel King, New York State Representative Bill Price, John Alschuler Special Assistant for Planning and Development for the Hartford Public Schools, and Professor David Smith from the University of Massachusetts.

Further information on the conference should be solicited from Robin Pearson, c/o the Hartford City Institute, 7th Floor, 100 Constitution Plaza, Hartford, Conn.

The Revolution of Declining Expectations Continued . . .

grams, but for fewer cuts than the average overall reduction.

In the present crunch, municipal liberal politicians are paralyzed. The concessions cities make to retain industry and to attract investors constitute blatant windfalls to private interests. Their commitments require them to go along with cutbacks that can lead only to a further undermining of the city's future viability. Even such a self-evident step as redefining investment policies of banking institutions to force productive investment appears unthinkable. The campaign for austerity is still in its formative stages. New York City is a major testing ground for the new experiment to persuade an entire population that it has no choice

but to cooperate in its own destruction.

Austerity is a public admission of failure. The basic economic decisions made in a society concern what is produced. This question can be addressed by those with an alternative vision. They can dare people to hope for something better than cynicism and acquiescence. A new democratic politics is not built just around resistance to cutbacks and defenses of big spending. It is built by energizing people to collectively examine, reorganize, and rebuild their society, and to organize to use their labor power to meet human needs.

Felix Kramer is a writer on social and political issues. He lives in New York City.

Notes to Note

People's Business School

"A decentralized and democratically controlled economy—participatory and responsive to individual and community needs: this is a vision more and more Americans are coming to share," writes David Olson in his prospectus for a People's Business School. However, such an economy will not run itself.

The prospectus outlines the content and structure of a training program for democratically organized enterprises involved in making this vision real: cooperatives, community development corporations, worker-owned companies, and public enterprises.

Olson, a fellow of the Foundation for National Progress, has been working with economist Richard Parker, and Derek Shearer and Lee Webb of the National Conference, to develop and cost out the concept of a People's Business School. He has completed a 25 page feasibility study and would like critical comments from public officials, community activists and other people interested in the idea. For a copy of the prospectus, write: David Olson, Foundation for National Progress, 607 Market St., San Francisco, CA. 94105.

Madison CDC Conference

A conference on community-based economic development corporations was sponsored this past summer by Madison Mayor Paul Soglin. People from throughout Wisconsin traded ideas with representatives from the city's social agencies and departments and with the business community. Madison is presently considering a proposal, submitted to the Common Council by Soglin, which calls for the city to form and operate an economic development cor-

poration. The purpose of the conference was to generate broad community discussion.

Speakers included Daniel Boyce, Director of the Milwaukee Housing Development Corporation and Dileep Rao, from the Impact 7 Turtle Lake CDC. Randy Barber, from the People's Bicentennial Commission, took up issues of consumer and worker control through self-management of CDC established business ventures. David Smith, from the College of Public and Community Service in Boston, discussed possible CDC alternatives, such as a Development Finance Corporation — which would be concerned with supplying capital (both debt and equity); a Housing Development Corporation; and a third entity which would be a non-profit corporation, financed with block grant monies.

This third type of CDC would (1) provide technical assistance and money to community groups, coops, and others for planning of development projects, (2) act as a formal advisor to the Mayor and the Council with respect to economic impact analyses, and (3) conduct annual neighborhood hearings to gather input for budget analyses and other aspects of the city's development strategy. The board of such a corporation should be broadly representative and include labor, community organizations, the business community and the city administration.

Smith suggested that it was often advisable to create a number of separate entities designed for specific functions. However, in such cases some sort of cabinet-like body should be set up to oversee the entire development strategy, insure program coordination, and plan for a comprehensive economic strategy.

Fourth ANG Conference

The theme of the fourth national Alliance for neighborhood Government con-

ference will be "Neighborhoods '76: Problems, Policy and Power." It will be sponsored by the Williamsburg-Greenpoint and Northside Neighborhoods of Brooklyn, N.Y. and is set for the weekend of October 15-17. The community groups hosting the conference are: The Ethnic Neighborhood Action Center, the National Congress of Neighborhood Women, and the Pratt Center for Community and Environmental Development. Brooklyn neighborhood organizations will provide housing and meals. They need to know well in advance how many people to plan for so call ANC today (202) 234-9382 in order to register.

Community Zoning Board Manual

Dick Simpson, the Independent Alderman from Chicago's 44th Ward, has compiled a Community Zoning Board manual which is available to groups interested in issues of local control of municipal development. It includes the full text of Alderman Simpson's proposed legislation to establish a Community Zoning Board in every ward, a description of the operation of the 44th ward CZB and five examples of citizen participation in zoning cases. The manual can be purchased for \$3 from 44th Ward Services Offices, 1045 W. Belmont, Chicago 60657.

Spaghetti Socialism

For over two decades, the Communist Party has governed the Italian city of Bologna. The buses are free, old people get a two-week paid vacation, and the Communist administration polishes the cathedral. What are the lessons and meaning of Bologna?

Journalist Andrew Kopkind enlightens American readers in his report on Bologna's government titled "Model City," in the summer issue of the journal *Working Papers*.

The issue, which also

includes articles on the Lifeline movement and on counterculture agriculture, and reports on Sheriff Hongisto of San Francisco and on the new budget process in Congress, is available for \$2.50 by writing: Working Papers, 123 Mt. Auburn St., Cambridge, Mass. 02138. A year's subscription costs \$10.

Revenue Strategies

A study of the current tax situation and potential tax revenues available to the District of Columbia has been compiled for Councilman Marion Barry, chairman of the District's Committee on Finance and Revenue. Standard options such as property, sales, income, and inheritance taxes are discussed. A tax on alcohol, cigarettes and motor vehicles, and user charges for sewer and water are included. Revenue policies to build the tax base are summarized, including gambling, residency requirements for District employees, and residency requirements for bidders on city contracts. Metropolitan area revenue strategies are analyzed as a way of reconciling the balance within the metropolitan area.

Titled "Revenue Strategies for the District of Columbia: Potential Initiative Action by the City Council's Committee on Finance and Revenue," the study was prepared by Ed Meyers, staff Director for Councilman Barry. Meyers devotes a section to social purpose taxes such as the capital gains tax on real estate speculation which has been proposed to the D.C. City Council, a tax on throw away bottles, and excess utility consumption.

The District of Columbia has the taxing powers of a state as well as the tax problems of an urban city in a large metropolitan area. Many of the proposals discussed in this study are applicable to state legislative action.

Copies are available from the National Conference (see publications list).

Capital Conference

A conference on the Public Use of Capital, co-sponsored by the National Conference and Colorado State Treasurer Sam Brown will be held the weekend of October 22-24 in Denver. There will be two major areas of concern: Reforming the System and Alternative Institutions. The last day will be a discussion of political strategies.

The conference will be a detailed, technical discussion of the projects in which people are involved at various levels in and out of government, the problems and successes they encounter, and the areas in which they could use more support.

The discussion revolving around the use of current financial institutions will include federal initiatives, state initiatives and community pressures. The sessions on alternative financial institutions will look at such federal devices as the National Consumer Co-op Bank, a National Bank for Community Development and a National Development Corporation. Special purpose banks will also be reviewed, such as state banks, community banks and corporations, women's banks, community development corporations, and so forth.

For further information on the conference contact John MacLay, c/o State Treasurer's Office, State Capitol, Denver 80203; (303) 892-2441.

New "Job Creation" Study

A study describing the successful development of special anti-recession work projects in various New England communities was recently prepared for the Congressional Joint Economic Committee. Entitled "Job Creation: The Project Approach in New England" it describes the legislative history of public employment programs from the early 1960's through the enactment of the Comprehensive Employment

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Report of the Second Annual Conference on Alternative State and Local Public Policies, held in Austin, Texas, June 10-13, 1976. The Report contains highlights and summaries of some 30 wide-ranging workshops in which over 450 elected and appointed state and local public officials, labor and community organizers, political activists, and planners share programs, experiences, and strategies for change. Price: \$2.50 each

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and Training Act of 1973 (CETA), and subsequent amendments. The study discusses the difficulties of operating a CETA program during a period of national recession and severe local budget stringency. It also describes CETA programs in several communities where teams of CETA public service employees have been put to work on special community projects, including most importantly, housing rehabilitation.

Often CETA employment funds have been combined with Community Development Revenue Sharing funds to provide equipment and supplies. In each case the program has been judged a success both by the participants and by the local community.

Copies of the study prepared by William Spring, are available on request from the Committee offices.

A.C.I.R.

The Advisory Commission on Intergovernmental Relations is a national commission composed of Federal, state and local officials, established by Congress to monitor the American federal system and make recommendations for improvement.

A revised and updated edition of the ACIR State Legislative Program is available to state officials and representatives of public interest groups. It is composed of 112 model bills designed to strengthen the intergovernmental system through such means as:

- restructuring and modernizing the executive, legislative and judicial branches of state government;
- encouraging an equitable state and local tax system;
- making cities fiscally sound;
- outlining a system of Federal grants-in-aid to state and local government.

For further information contact Lynn Ferrell, 726 Jackson Pl. N.W., Washington, D.C. 20575/ (202) 382-2114.



Terrorist Murder

On September 21 Ronni Karpen Moffitt and Orlando Letelier, associates of the Institute for Policy Study, were assassinated in Washington D.C. by a bomb which demolished the car in which they were driving to work. Letelier was the former Minister of Foreign Affairs of Chile in the government of Salvador Allende and was currently Director of the Trans National Institute, a project of IPS. Ronni Moffitt, a staff member of IPS, worked for a number of months following the Madison conference, for the National Conference on Alternative State and Local Public Policies. Michael, her husband of four months and a co-worker of Letelier's was also in the automobile but escaped serious injury.

Ronni, aged 25, was a beautiful and creative person. She was especially enthusiastic about the work and future of the Conference. Even after she left the project she continued to provide ideas, resources and support to the rest of us.

Members of the D.C. City Council immediately responded to the assassination. Councilmembers Nadine Winter, John Wilson, Dave Clarke and Marion Barry, among others, introduced a resolution to condemn terrorist activities. It said, in part:

WHEREAS, On September 21 at 9:35 a.m., Orlando Letelier Ex-Chilean Ambassador, and Ronni Karpen Moffitt of the Institute for Policy Studies were killed

by a bomb placed in Mr. Letelier's car.

WHEREAS, the bombing has the earmarks of a terrorist attack. The highly directional bomb used, the specific target both make the conclusion inescapable that this was a terrorist attack, similar to those which have become the tragic pattern of events in other nations.

WHEREAS, there is an important need for a strong public statement to would be terrorists that their methods will not be tolerated in the District of Columbia.

NOW THEREFORE, BE IT RESOLVED, that The Council hereby directs law enforcement officials in the District of Columbia to extend the utmost effort to bring to justice the person or persons responsible for this act as a top priority to insure that terrorism will not be condoned in this city.

Alternative Legislation Briefs Continued . . .

Co-Op Housing Bill

The Alaska State Legislature has recently enacted legislation which authorizes the State's Commissioner of Revenue to invest State funds into tenant controlled housing co-op's, making direct mortgages for up to 95% of the value of the property. The legislation, lobbied for by the Alaska Public Interest Research Group, will result in the financing of demonstration projects by next winter. Should the co-ops prove to be a marketable way to provide reasonably priced housing to Alaska's hard hit lower and middle income persons, the State will continue much broader commitments in the co-op housing field, which would be authorized by the present legislation.

For more information, contact the Alaska PIRG Lobby, Box 1093, Anchorage, Alaska, 99510, or write the State's Legislative Affairs Agency,

Alternative Legislation Clearinghouse

New addition to the National Conference staff

Ann Wise, who was hired in August as the National Clearinghouse Coordinator, has been assembling files of the best alternative bills and ordinances in over 20 program areas and responding to requests for information and technical help.

The publications in the Alternative Legislation Series have been expanded to include: a study of potential tax revenue sources for cities; a compendium of municipal and state public power authority bills; the South Dakota Homestead bill; a citizen bill of rights relating to law enforcement intelligence information; a model bill to establish centers for Displaced Homemakers; legislation providing for financial disclosure by banks; analysis of the Vermont and the District of Columbia bill on land and real estate speculation; and a compendium of nuclear safeguards bills. These can be ordered using the form on the last page of this newsletter.

Your input would be a very valuable resource to expand the scope and depth of the materials in the national clearinghouse. Please send information on innovative legislation, ordinances and programs or requests for information to Ann Wise, National Conference, 1901 Que St., NW, Washington, D.C. 20009.

Neighborhood Census

Congresswoman Pat Schroeder has introduced federal legislation to enable neighborhood organizations whose boundaries are legally recognized by municipal governments to receive, free of charge from the U.S. Census Bureau, population census statistics which relate to their

neighborhood boundaries. Currently, there are 43 municipalities which legally recognize neighborhood boundaries. These will all benefit from the Schroeder legislation. The bill can be used as a model by neighborhood organizations and city-wide coalitions interested in developing neighborhood information legislation.

Notes to Note Continued . . .

Tax Reform Meeting Planned

A Local Tax Reform conference is currently being planned for early January 1977, to be co-sponsored by the National Conference and various tax reform groups. The initial title of the conference is "Where the Money Is. New Directions in State and Local Tax Reform." Suggested panels and workshops include Property Tax Assessment Research, State Taxation of Land Speculation, Cash Management

for Cities and Counties, Sharing the Urban Property Tax Base and Multi-State Auditing of Large Corporations. Participants interested in local property taxes, income taxes, tax administration, cash flow management, and non-tax sources of revenues will find workshops geared to their special needs.

For information about the conference, write to Jon Rowe, c/o National Conference Center, 1901 Q St. NW, D.C. 20009.

Progressive Politicians and Public Employees

By Paul Booth

The fiscal crisis affecting local Government — most acutely in the Northeast but tangibly throughout the country — creates an inhospitable environment for the kind of progressive experimentation that the Conference on Alternative Public Policies has made its hallmark. Public employees are on the front lines of the battle to save public services. They are looking around to see which of their reputed allies are responding in the crisis.

A nation which "can't afford" garbage removal in Cleveland, hospitals in New York, police protection in Detroit — may be able to "afford" noble experiments with utilities and housing finance in Colorado or California. But the same forces which have mobilized so effectively to do great harm to the school and hospital systems, the basic municipal services, the parks and the university of New York are also gearing up against progressive economic experiments elsewhere. In Massachusetts, a great war chest has been assembled by business to defeat the rate structure and graduated income tax referendums. Elsewhere the Business Community is using the same scare tactics about job loss that were turned against New York's taxes and applying them to nuclear plant safety, to extension of workmen's comp coverage, to anti-redlining measures and to land-use planning.

It is tempting for progressive politicians to try to avoid head-on confrontation on the issue of the urban crisis and it is often easy to find some radical logic to change the subject. Several were suggested by Councilwoman Loni Hancock in an earlier issue of this newsletter — e.g. she always votes against higher property taxes because they would drive away the poor. This sounds so like the Chamber of Commerce position on local taxes — except that they feel victimized — that one wonders what the real facts are. To the extent that it is just a tax on housing, as Ms. Hancock alleges, she is right. But of course it isn't. It is also a tax on a class of capital assets. Furthermore — and this is the key point — it is the means of support for schools and basic municipal services in which cutbacks decidedly impact most severely on the most needy.

The most significant arena for cooperation between progressive politicians and public employees is the struggle to achieve adequate funding for basic public services. To this end the politicians who have politics — have to show that they are willing to go for higher taxes when necessary. They can continue to advocate, as the public employees have, that greater reliance be placed on progressive taxes and that the defense budget be cut. But they must be prepared to go at least a little farther than the strictly opportunist politicians who have misappropriated the name "New Politics" for their fiscal conservatism.

There are other concerns that ought to be mutual — the contracting out of public works, intergovernmental relations in the federal system, formulas by which federal grant programs redistribute federal taxes, the Hatch Act, personnel administration, etc. But the immediate issue crisis is the war against public services and public employees in the older cities of the northeast.

Paul Booth is International Representative for the American Federation of State, County, and Municipal Employees Union in Illinois



"Issue-oriented didn't work for beans."

Publications available from the National Office

Alternative Legislation Series (\$1 each)

- Nuclear Safeguards Packet. A compendium of nuclear safeguards/moratorium initiative measures from seven states.
- Capital Gains Tax. Vermont tax on land speculation and District of Columbia proposed tax on real estate speculation. Analysis by Jonathan Rowe.
- Disclosure Legislation. The Chicago municipal ordinance plus Illinois and Alaska state legislation for financial disclosure by banks. Analysis by David Smith.
- Displaced Homemakers. Bill to establish multipurpose centers to provide counseling, training, skills and referral services to displaced homemakers.
- Citizen Bill of Rights relating to law enforcement intelligence information.
- South Dakota Homestead bill. Model legislation for establishment of a homestead lands commission designed to strengthen family farm system of agriculture.
- A compendium of public power authority bills. Summary and analysis by Lee Webb.
- Neighborhood Government. Washington, D.C. Act to Establish Advisory Neighborhood Commissions.
- Senate bill S2631, the National Consumer Cooperative Bank bill. Proposes a bank that will make loans directly to consumer coops.
- Model State Public Utility Commission Act. Includes recommendations in all areas of electric utility regulation: commission structure, procedure, jurisdiction, enforcement, etc. By Lee Webb & Jack Chesson.
- Model State Energy Act. A draft bill for a democratically controlled, publicly owned state energy system. By Lee Webb & Jeff Faux.
- National Community Health Service bill. Model legislation for a community-based, nationally funded health service. By the IPS Community Health Alternatives Project.
- Lifeline Packet. The most innovative "lifeline" electric utility rate structure proposals introduced in various state legislatures.
- Louisiana Automobile Insurance Corporation Act. Model legislation establishing a universal, compulsory auto insurance plan, with the state corporation the exclusive underwriter.

Public Policy Pamphlet Series

- Public Policy Reader, Second Edition. A compilation of the best and most innovative bills, ordinances, and proposals of the past year. Over 600 pages. Price: \$7.50, \$15 to institutions.
- Legislative Handbook on Women's Issues, by Kathy Rhodes. A collection of legislation on economic issues affecting women, including the best, most innovative proposals, and a detailed bibliography. Price: \$2.50, \$5 to institutions.
- The Cities' Wealth: Programs for Community Economic Control in Berkeley, California, compiled by the Community Ownership Organizing Project. This report outlines in detail the programs and organizing strategies of the Berkeley Coalition over the seven years of its political work with the Berkeley City Council. Price: \$2.50, \$5 to institutions.
- The Austin Conference Report. Proceedings of the Second Annual Conference on Alternative State and Public Policies. Contains summaries and highlights of the conference which was attended by elective and appointive progressive public officials from around the country. Price: \$2.50, \$5 to institutions.
- Public Control of Public Money: Should States and Cities Have Their Own Banks?, by Derek Shearer. Analyzes the advantages and disadvantages of state and city-owned banks. Includes descriptions of the state-owned Bank of North Dakota, and recently proposed state banks in New York, Washington, Oregon, and California. Price: \$1.50 - \$3 to institutions.
- The Manitoba Auto Insurance Plan, by Sherman Bernard. A report on the operation, costs, and social and economic considerations of providing auto insurance through a public corporation. Price: \$1, \$2 to institutions.
- "Revenue Strategies for D.C.: Potential Initiative Actions." A study of potential tax revenue sources for cities. \$1.50, \$3 to institutions.

Enclosed \$ _____ for: publications checked above.

Enclosed \$5.00 subscription (4 issues) to Conference newsletter.

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