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An Economic Program for the Coming Decade

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Without fundamental change in the way our economy is organized, the prospects for the next decade and beyond are grim. Full employment will not be achieved, price inflation will continue, and real and politically inspired shortages of raw materials will steadily erode our standard of living. What upswings there are will be short-lived and shallow.

The result will be an acceleration of social and political discontent. Expectations of good jobs, decent housing, a college education, a secure old age, will become harder and harder to fulfill. The tendencies of our large urbanized society toward crime and personal alienation will be aggravated as people feel themselves slipping further and further behind.

Our problems will not be solved simply by substituting Democrats for Republicans or vice versa. Political parties out of power will, of course, benefit from bad times at first. But once in power, they will have to muster

Editor's note: The following article was adapted from a report being prepared for a group of 25 foundations by the Exploratory Project for Economic Alternatives in Washington, D.C. (1519 Connecticut Avenue, N.W., Washington, D.C. 20036). The report contains an analysis of economic and political trends for the coming 25-year period. It argues that the United States is at the end of an economic era that began with World War II. What is required over the coming decade, say the authors, co-directors of the project, is a sweeping reorganization of the major corporate and government institutions that dominate the economy in order to produce economic security and economic democracy.

the courage to address problems directly—or they will soon be out on the street. The steady rise in voter apathy and the number of voters who consider themselves independent of either party will continue.

The problems are systemic and intertwined with each other to form a maze of policy traps: Currently most American economists — liberal and conservative — agree that, unfortunately, the remedy for inflation is severe unemployment and the remedy for unemployment is inflation. And our economic system demands that resource scarcity be cured by high prices, which in turn cause dislocations and unemployment. Economic doctoring has become a matter of choosing your poison.

In this context it is clear that what one political observer has called the "Politics of Instant Gratification" will not do. The quick answers that go down easily in an economy dominated by concentrations of private economic power are, of course, being tried first: the rhetorical flogging of welfare recipients and "profligate" big cities is stepped up, demands that government spending be drastically reduced are coupled with pleas that business corporations be subsidized further with new and bigger "incentives" to invest.

There are some political crops to be harvested here in the short run. Conservatives have historically worked this ground; and now some "liberal conservatives" are being tempted as well: witness the current attempts of liberal Democrats, especially governors, to match conservatives in efforts to cut back government programs. But quick political solutions won't work — at least not for long: cutting government spending will aggravate unemploy-

ment, which will aggravate social unrest, which will fuel *real* conservative politicians, who will always win the "crime in the streets" shouting match.

The attempt to move Right will split the Democratic party. When domestic programs were cut back to finance the Vietnam war, the victims were both the poor and minorities; and then with the recession-depression, working class whites were suddenly forced to compete with women, blacks, and other minorities for jobs in short supply. Now not only are auto workers and steel workers and laundry operators in trouble, but firemen, policemen and teachers as well. These groups are the very backbone of the Democratic party. And in today's world, knocking out social programs increasingly affects not only the poor and working class, but adds significant elements of the middle class to the list of disaffected.

Beyond Political Instant Gratification

Despite the relative lack of serious popular debate on economic reform, and despite the conservatism, too, of the American media, great numbers of Americans are, in fact, demonstrably aware that the larger issues have to be faced: earlier this year three leading pollsters — Louis Harris, Patrick Caddell, and Peter Hart — told liberal Democrats assembled in Chicago that the public wants not simply progressive but "radical" answers to shake the country out of the economic slide.

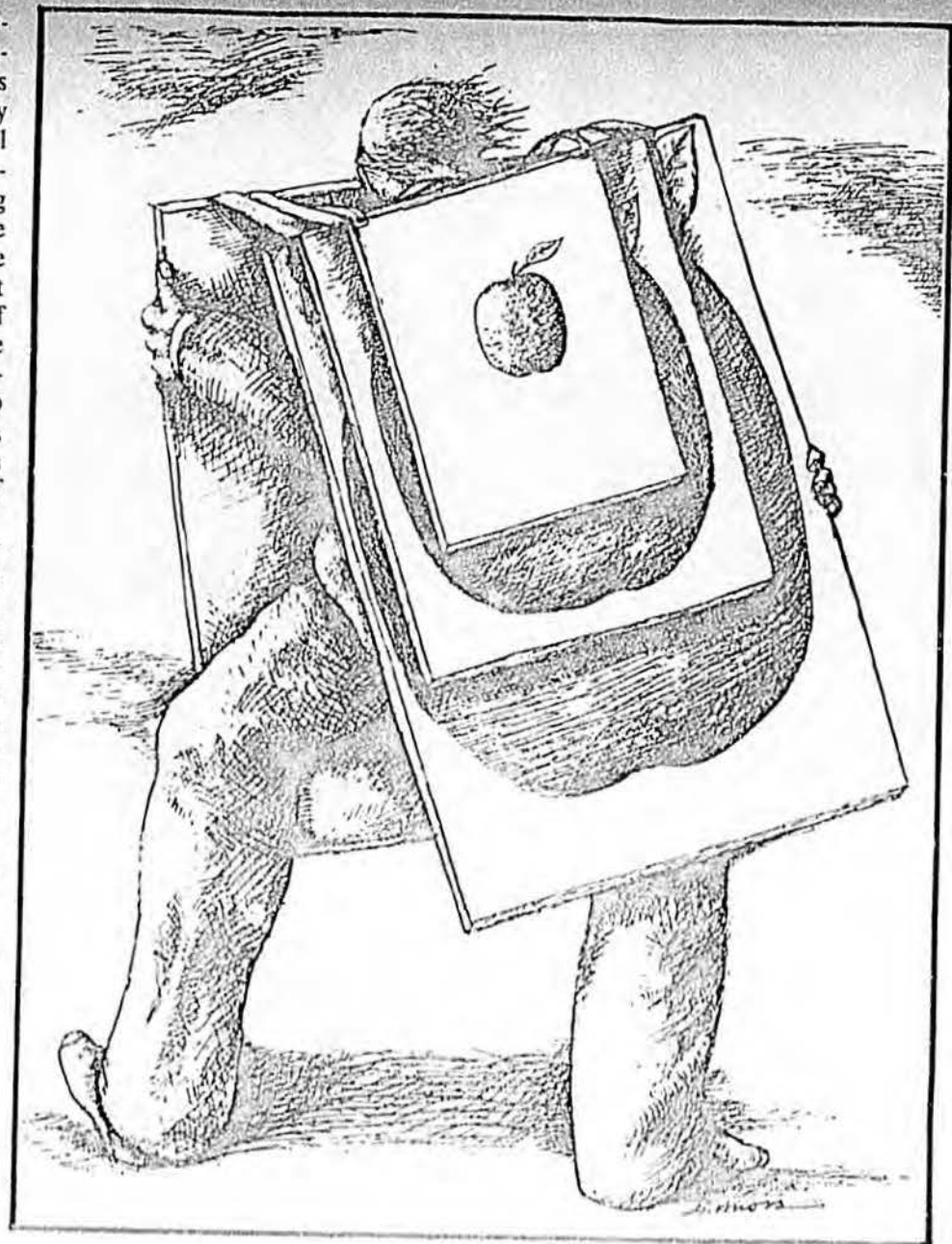
A recent Hart Poll demonstrated the point with powerful new data showing that a majority (58%-25%) of the American people think that America's major corporations tend

to dominate and determine the actions of public officials in Washington — rather than the reverse as we are so often taught. A majority (57%-35%) of the public also feel that *both* the Democratic and Republican parties are in favor of big business rather than the average worker. A smaller majority of those expressing a view (49%-45%) felt that big business is the source of most of what is wrong with the country. A larger majority (66%-20%) favored employee ownership and control of large corporations, and a plurality (44%-42%) even favored direct public ownership of natural resources.

Such poll responses show willingness on the part of the electorate to consider solutions that politicians consider beyond the current pale. This does not, of course, mean that the majority of Americans now have a radical ideology. We are a practical people; what it does mean is that there is general recognition that the economic system is not working, and that, therefore, it is time for some major changes. It also means that the political parties are considerably behind the people — as the rise in voter apathy also suggests. Joseph Califano, former aide to Lyndon Johnson, has eloquently stated the basic reality:

While the people seek purpose in their lives and their society, the Congress and Executive, and the Mayors and Governors, offer a crisis-oriented instant political pragmatism. While men worry about their ability to provide food and shelter for their families, their political leaders still speak in the rhetoric of an economy of plenty. While our society is still plagued by a distorted distribution of wealth, the House Ways and Means Committee dots the 'i's and crosses the 't's of tax reform.

Poll data also substantiates the point that a growing segment of the public recognizes that solutions to our economic crisis will not be found in "instant political pragmatism": 41% of the public in the Hart poll were in favor of "making a major adjustment in our economy to try things which have not been tried before..." (37% favored "making minor adjustments to correct for current problems," and 17% felt that the economic system ought to be "kept as it is, allowing it to straighten itself out."); a plurality of those expressing a view (49%-39%) felt that it would do "more good than harm" to "develop a new political movement to



challenge the influence of big business." And a solid majority (56%-26%) said they would "probably support" or "definitely support" a presidential candidate who favored employee ownership and control of U.S. companies.

These are all hopeful signs of maturing opinion and America's willingness to consider solutions that will take time to implement. What is needed is honesty, programs that are clear and fair and which connect a public vision with the citizen's private concerns. In some ways the period we are entering is reminiscent of the early days of anti-Vietnam war opposition, when to speak of a direct solution to the basic issue was impossible for most politicians — until Gene McCarthy's campaign focused the broad underlying public sentiment. The differences now — as economic problems turn into

crises — are that, having been through the sixties, people no longer trust official political platitudes — and the polls show much greater public sentiment forming *in advance* of political leadership.

The Inevitability of the Planned Economy

Since the 1970's began, it has been fashionable for politicians to speak of lowering expectations. To some degree this has been a useful antidote to the overblown and underfinanced politics of the previous decade. But it is also a way of avoiding responsibility for the economic mess in which we find ourselves.

Try as they might, however, the politicians cannot escape this responsibility. The voters will not let them. Moreover, the economy itself will not

let them. The fact is, for example, that the United States is well on the way to a planned economy — in any event. Over the next decade, questions of economic growth, income distribution, price and employment levels and the use of scarce natural resources will become more and more subject to explicit political decisions.

Much of the economy is already, of course, planned — by large corporations, banks and their allies in government. Responsible estimates have been made that one-third to one-half of the U.S. economy's output is produced in response to a planning system rather than to the market. Examples range from the setting of gasoline prices to the redlining of neighborhoods by mortgage lenders. The myth that we are living in a free market economy where prices for steel and sugar and insurance policies are set only by the interplay of supply and demand continues to be worshipped on editorial pages, but it has little relationship to reality.

The current economic crisis, which, with perhaps minor upturns, will continue in one form or another into the foreseeable future, will increase the demand for more explicit planning in which the government plays an even larger, more open role in the economy. American labor leaders like Leonard Woodcock are strongly urging planning; and legislation has been introduced by such Senators as Humphrey and Javits. But the most important insight is, as Nobel Prize winning economist Wassily Leontief has said, that planning will come "... Not because some wild radicals demand it, but because businessmen will demand it to keep the system from sputtering to a halt."

At present only the most sophisticated businessmen and financiers, like Irwin Sweeney Miller, Henry Ford II and Felix Rohatyn, openly advocate planning. However, European experience, where after early skepticism, businessmen are now strong supporters of planning, suggests that Leontief's prediction is likely to be borne out.

As the economic crisis deepens over the coming years, the 'first wave' of planning in response to current initiatives is likely to intensify pressures on the living standards of the vast majority. Business' needs for capital must be paid for by someone — and high prices, high interest rates, and high taxes will be forced upon the public at large through new planning and mechanisms. Despite even the best inten-

tions, we can also expect reinstatement of wage/price controls designed — as one Nixon administration official put it — to "zap labor." Planning dominated by business concerns will also worsen the environmental crisis. And subsidized business investments when there is already excess capacity — and when the overarching economic problem of income maldistribution hobbles consumer demand — will further waste precious capital resources.

The major question over the coming period is not whether we will plan, but how — and above all for whose benefit. And here is where the big choices will have to be made between the interests of the large corporations — and the large majority of Americans.

Priorities: Jobs and Inflation

A serious policy which builds both on the needs of the vast majority and on the growing popular sentiment would, in our judgement, begin by placing first priorities where the shoe is pinching: unemployment and inflation:

Jobs. It is incontestable morally, politically, and in terms of the basic economics of resource use, that every American willing and able to work should have a decent job. It is also incontestable that Keynesian economic tools cannot provide sufficient jobs without ruinous and politically unacceptable inflation.

The direct answer, as many are coming to realize, is for the government to guarantee employment. The Humph-

rey-Hawkins Equal Opportunity and Full Employment Bill is a good start.

The Bill calls for the federal government to act as employer of last resort. At any given time, job guarantee offices across the country would be ready to give public service jobs to any American who applied. These jobs would not have to be "make-work"; there is plenty of serious work to be done in America. At the beginning, jobs would be created in health, transportation, housing, environment, education, and other domestic fields.

The importance of this bill is that it goes beyond the general goal of "full employment" as defined by some percentage of the labor force. Even in the best of times such policies do not necessarily result in a job for everyone willing and able to work. This bill provides every American with the legal right to a job — enforceable in court. The Library of Congress has made a rough estimate of the net cost to the Treasury of moving to full employment over 18 months through the Hawkins-Humphrey Bill. It comes to about \$11 billion dollars.

One important result of guaranteeing jobs would be an increase in resources available to address other major economic problems. For example, it has already been proposed that public service employment can be used to refurbish rail beds to accommodate expanded railroad traffic. Such a program would in itself stimulate new productive jobs in the manufacture, operation, and maintenance of railroads and mass transit vehicles and equipment.

Since the mass transit industry and a large (and increasing) share of the railroad industry is already underwritten by the taxpayers (and to an expanding degree, publicly owned at both the local and national level), jobs refurbishing rail transportation could be directed to specific areas of the country and help stabilize employment in those areas.

This obviously requires *planning* to define precise goals and job requirements and then a long term public decision to direct, for instance, that production of mass transit vehicles and rail passenger vehicles be targeted to steadily increase jobs in cities like Detroit as they move away from auto production jobs.

Senator Phillip Hart calculates that if one-fifth of ground traffic were shifted to public transport, 1.5 million new jobs would be created by 1985, including 51,000 in the construction industry, 134,000 in repairing road beds



and electrifying lines, and 450,000 in manufacturing for which an estimated 225,000 workers annually could be drawn from the ranks of unemployed auto workers.

Such an approach obviously involves a dramatic new role for the public: it requires planning, public money, and above all, the capacity to coordinate public priorities in terms both of needs (a better rail system) and jobs (specific assurances to specific workers in specific communities).

Our review of recent European experience suggests that to achieve such an end without establishing a civilian version of the military-industrial complex — where the interest of private contractors dominate a compliant bureaucracy — will ultimately require direct public ownership of some key manufacturing and operating facilities. In our judgment, a decentralized approach makes sense — and is also consistent with the poll data showing support for ownership forms stressing local worker and community participation.

Public ownership need not be heavy handed bureaucratic control; nor must it be "nationalization." The experience with public corporations in Europe and Canada shows that when taken seriously public industry can be at least as efficient as private corporations in meeting tests of the market place in efficiency and innovation. This is also the evidence from more than 2000 U.S. publicly owned electric utilities. Publicly owned industries tend to be more accountable to the public (their books are always open), and more responsive to major economic policy needs. Given a choice of locations, for example, public corporations often locate their plants where the employment impact will be the greatest.

Once the possibility of alternative ownership structures is admitted as a subject to consider for the next decade, a number of variations are possible which would permit decentralization and economic competition. For example, large portions of ownership could be sold to employees who could also take on larger responsibilities for management — a practice widespread in Europe. Encouragement of a preliminary form of this concept was, in fact, provided in recently passed tax legislation. Beyond this, the community or communities where the plants are located should, in our judgment, participate in new ownership forms. Three-way "joint ventures" — involving national and local governments, and



employees — have a number of precedents in Europe (for example, the ownership of Volkswagen) and could make for eminently sensible arrangements in industries that are dependent on government contracts and which — like transportation, defense and energy — are crucial to long range planning.

That novel ideas are by no means beyond political debate is suggested by a proposal Senator Kennedy has offered which could open the way to such directions. He has introduced legislation which would divest General Motors of its mass transit producing facilities because of their substantial conflict with its auto producing interests. His legislation would establish a national public trust to own the subsidiary for up to ten years. This basic notion could be expanded to allow for long term control and planning, and to provide that a substantial share of ownership of the resulting corporation also be in the hands of an employee and local community trust.

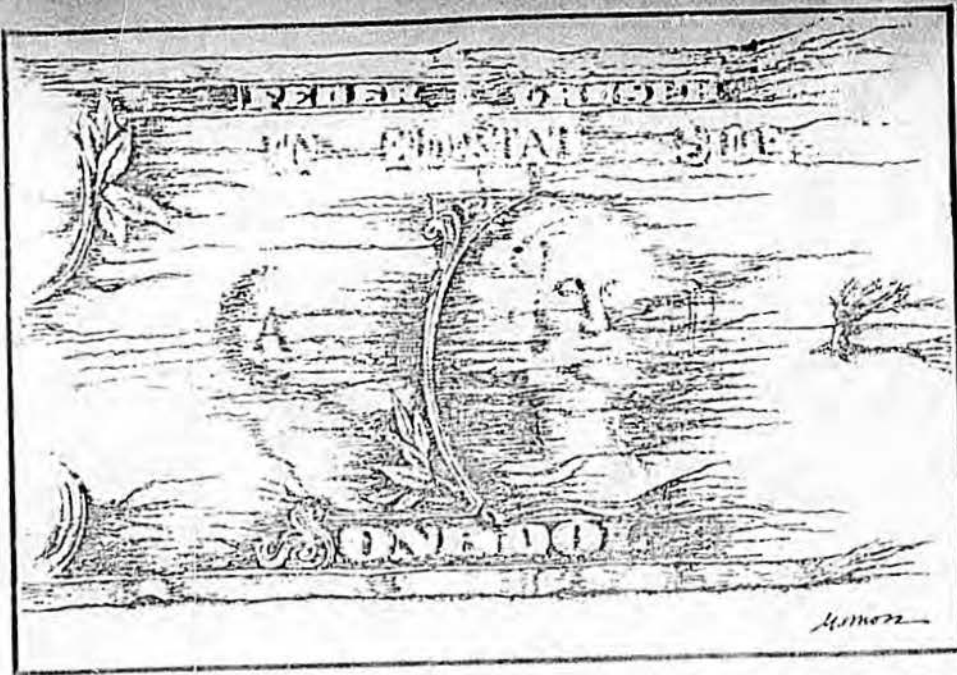
Self evidently, guaranteed employment and the rational planning of jobs generated by public funds could have two important implications: First it would reduce the fear of economic unemployment and economic ruin that is at the heart of most resistance to change. Defense workers would be less resistant to cuts in the military budget if they knew they would have decent immediate replacement jobs. White workers would feel less threatened by blacks. Men less threatened by women. Workers in general would be less fearful of environmental restrictions on business

and of the introduction of labor saving equipment.

Secondly, guaranteed jobs could stabilize local employment conditions, reducing the waste and community dislocation associated with fluctuating and changing employment prospects. It would not end migration from place to place, but it would certainly reduce a substantial portion of migration within and between cities that is forced upon people by the loss of jobs. For example, the capacity to plan for stable jobs in smaller cities might have eliminated much of the current burden in New York City — where two decades of the immigration of two million job seekers has swelled welfare roles. And, politically, were we able to deal with the fundamental unemployment and migration sources of the urban problem, neither welfare mothers nor public employees would be the central target of scapegoat politics.

Planning to stabilize employment in communities also would contribute to a more stable tax base. States and localities would not be forced into what is often ruinous competition for the location of industry; and the bargaining between corporations and cities would be on much more equal terms.

Inflation. Under the pressure of economic events over the coming decade, as we have indicated, we believe wage-price controls are inevitable — whether we like it or not. Unless these are developed in a progressive fashion, working people will be forced to pay the costs of general economic mismanagement. Beyond seeking more equitable forms of controls — and tax reform to close



loopholes, tax wealth, and capture windfall profits — any plan for dealing with inflation over the coming decade ought to have as a central strategy the aim of directly stabilizing the price of the basic necessities — food, housing, medical care, and a minimum level of energy. These items alone constitute nearly 75% of average four-person urban family consumption expenditures.

The pressures of inflation are, in fact, already forcing steps toward a direct approach: food stamps are a direct attempt to stabilize the costs of necessity items for low income people. So are medicare, housing allowances, and the growing use of rent control. Popular legislation introduced at state levels for "lifeline" electricity rates — and even energy stamps — would fix the price of a necessity amount of electricity, shifting the burden forward to large users.

But programs which merely subsidize low income or other consumers increase total demand. Without encouraging increases in supply, the result is more inflation. Medicare, which increased demand for health services without increasing or rationalizing the supply is a classic example.

Housing policy illustrates the need for a much more direct solution over the coming period. A decent home for every American has been a national "goal" since 1937. After 40 years of trying limited ways, it is clear that we cannot solve the housing crisis with a program limited to the housing sector: rent controls to keep prices down, inhibit supplies. Housing allowances are both costly and inflationary. Achieving minimal decent levels of housing at fair prices will require direct public action to allocate the two most costly

items in building a new home — land and capital.

Though not yet widely understood, public ownership of land is coming to be recognized by leading experts as a basic requirement for a serious housing policy. Former HUD Secretary Robert Wood has observed:

Certain levels of density no longer make tolerable private ownership and development, even though zoning and planning requirements are available to affect them directly. Only a general plan with land ownership and control being the decisive forces in critical areas can do the job.

The American Institute of Architects in 1972 made a detailed proposal for the joint Federal, state and local acquisition and development of one million acres of land in selected urban-fringe areas of the country. The AIA estimated that one million acres could accommodate one-third of the nation's growth over the next 30 years at the relatively low average density of 25 persons per acre.

"The appreciating value of this land," said the AIA, "realized by lease and sale over the next 30 years — would be enough to cover its original cost plus a large proportion of the cost of preparing the land for development."

Public land development is common in Europe. In 1946, Britain created public development corporations to build 15 new communities of 60,000 population each. In Sweden in recent years, 80% of the housing underwritten by the central government has been built on municipally owned land which is either sold or leased to the builders. In the Netherlands, the public acquisi-

tion of land and its lease or sale to developers dates back to 1902. Amsterdam leases all land except for industrial sites, while Rotterdam leases industrial sites and sells land for all other uses.

Hesitatingly, in fits and starts, American communities in almost every state are beginning to experiment with public ownership of land as important to rational development. Local planned public land ownership is being tried in cities as diverse as Milwaukee, Wisconsin; San Diego, California; St. George, Vermont and Yellow Springs, Ohio.

Land is only half the underlying problem of price. The dependence of housing on capital markets is well documented. Unless adequate supplies of capital are made available, housing is simply not built, or built at high interest costs. Chairman Henry Reuss of the House Banking and Currency Committee has proposed what might be a first step toward the allocation of capital to major national priorities. Reuss has suggested that the Federal Banking Reserve Board, through a variety of available central banking techniques, allocate capital to the nation's most pressing needs — such as low and moderate income housing and mass transit. Reuss has also suggested a role for public ownership and has proposed that the Franklin National Bank be nationalized and run as a yardstick against which to judge the performance of other large banks.

In connection with food prices, setting the priority goal of stabilizing fair consumer prices also requires a more direct public effort. But in this case, since agricultural policy has long been dominated by the government, the question is not whether there should be a significant public role — but *how* to shape it to meet the needs of the vast majority of consumers.

Over the coming decade (with perhaps momentary lags) food prices will go up dramatically. As they do, in our judgment, the growing power of consumer and urban constituencies will put these groups in position to rewrite old legislation once considered the private domain of the large agribusiness concerns which dominate the "farm bloc." One model of policies which achieve lower consumer food prices is the Canadian approach to wheat. In Canada, low consumer prices are established and farm production costs are supplemented by direct payments. Similar general strategies for wheat and other commodities were proposed in the 1949 Brannan Plan. The basic approach has been instituted in such na-

tions as Sweden, Norway, Japan and Britain before its entry into the Common Market.

Over the past three years expenditures for food by the American consumer have risen by an incredible total of nearly \$60 billion dollars — implicitly perhaps the most regressive tax one could imagine. The cost of a program of supplementary direct payments will both be much lower than such sums, and much more progressively distributed. New policies might also be designed, as a social and economic priority, to support the small and medium size farmer, and small co-operatives, as a matter of principle — rather than large agribusiness concerns.

Broadly speaking, a direct approach to inflation which aims to stabilize the price of necessity costs in the family budget would, of course, not attempt to stabilize all prices. Prices for non-necessities — high price luxury foods or second, vacation homes — could be allowed to rise. This would not only increase equity, but it could also help conserve resources.

Resource Conservation: Planning and Public Ownership

Price stability for the necessities of life, like job stability, would put a more secure economic floor under working people. Relief from the anxiety of being without work and without money for food and rent would provide many with the time and energy to expand their personal lives as well.

It would also free our society as a whole to deal with the longer, deeper economic issues that face us, such as the steady depletion of natural resources and the alienation of people from their work and their community.

Over the next 25 years we will fast be reaching the end of the availability of many natural resources. As a result we will have to shift dramatically what we produce and what we consume. We know that this will require long range planning. The market is not adequate; it doesn't send the right signals. It would have taken a decade for the United States to prepare for the energy crisis of 1973. But five years before the crisis petroleum prices were still declining. Even as late as 1973 they were rising at a considerably slower rate than the general price level. The last thing in the world that they were signalling was more drilling. Or recycling. Or a search for alternative energy sources.

Rational energy and general resource policy will require planned, slower economic growth. The alternatives are to continue our extreme vulnerability to foreign supplies or to further distort our economic and environmental priorities. For example, the Rockefeller-Ford proposal for a \$100 billion energy program would do.

A serious commitment to job security and price stability would obviously make planned limited growth much more acceptable to the American people. But our resource crisis will still require a substantial change in our lifestyle and attitudes. It will require, for example, limits to the major source of consumer stimulation — advertising. For it is extremely unlikely that the incessant psychological pressure on American consumers to buy more and more is compatible with the long term need to conserve resources and to restructure our life style around new environmental realities.

Given its dynamic of unrestricted growth, the modern corporation is, over the long run, incompatible with a low growth, low resource absorbant economy. Ultimately, for this reason — and to assure planning for job stability over the long haul — the giant corporations at the core of the economy must be replaced. This is particularly true of corporations which control energy resources. It is not just the monopolistic practices that make these firms unfit to be in charge of our energy resources. It is their inherent need for growth. Thus, even if successful antitrust actions could be brought against the largest of the multinational energy companies, the basic problem would not be solved. (Indeed, we broke up Standard Oil in 1911.) There is some reason to believe, in fact, that while there might be some retardation of price increases, the waste and duplication of creating more oil corporations would make a rational conservation policy even less attainable.

The answer lies in fashioning economic institutions which go beyond the for-profit corporation in its ability to engage in long term resource planning for the nation as a whole. And as a variety of Americans who responded to the Hart Poll recognized, and as just about every Western industrialized nation has concluded, this will also require public ownership. The Stevenson-Magnuson Bill, which calls for a publicly owned oil and gas corporation on public lands (where the bulk of reserves lie) is a reasonable first step in this direction — and the fact that 35 Senators have endorsed it again sug-

gests the political feasibility of discussing quite new approaches.

Public ownership does not necessarily guarantee sound resource use. The Tennessee Valley Authority for example is hardly less growth oriented than most private electric companies. It will be necessary therefore to add a further dimension to the concept of "fee simple" ownership — whether public or private. The larger public itself must assume the responsibility of *trusteeship* over the land and natural resources. The principle means the public as trustee may not waste resources needed for the next generation by, for instance, giving away lease rights at low prices. Trusteeship concepts have already been recognized in preliminary form in several states which now provide for legal remedies — enforceable through citizen suits — for failure on the part of public officials to fulfill their broader responsibilities in connection with some environmental issues.

Economic Democracy

As we have indicated, the United States is already well on the way to a planned economy. Over the coming decade, the economy can be planned for full employment, price stability and resource conservation — or it can be planned for continued inflationary growth and a worsening distribution of income and wealth among the population. The next years will see a clear tendency toward increasing concentration of economic power in the hands of public and private bureaucracies. We may not like it, but we must face it. Otherwise we will not be able to deal with its consequences. The answer lies not in pining for a long gone economic era of small firms and free markets (though in *some* areas antitrust does make sense). It lies in making economic democracy and decentralization a major goal of economic policy.

First, it means encouraging employee ownership and participation in management. As many now recognize, most major corporations are entirely in the hands of a self perpetuating management. In Professor Galbraith's phrase, "the euthanasia of the stock holder" is almost complete for most of our largest firms. Management is therefore accountable to no one.

The three-way joint public-worker-community ownership arrangements suggested for the federal contractors in transportation could be applied to other federal contracts and to other industries. As first steps in a new direc-

tion, and as is common in West Germany and elsewhere in Europe, non-supervisory employees could be provided with seats on corporate Board of Directors by law. Consumers and representatives of communities that receive both the burden and advantage of the firm's location might also be eligible for seats. Investors would, of course, receive a return on their capital — just as employees receive a return on their labor — but the control of the entire enterprise, which includes labor as well as capital, would be shared.

Secondly, as we move deeper and deeper into a planned economy, it is imperative that we begin to widen the participation in the planning process itself.

Fortunately we do not have to start from scratch. We have behind us ten years of experience with various attempts at citizen participation and community planning — from urban renewal to transportation to antipoverty programs. In most of these cases, community participation was represented by citizens fighting for the right to participate. And in most instances citizens have been in a negative stance. They have been trying to stop some outrage — some highway, some monstrous piece of public housing, the pollution of some river — rather than plan for something.

Nevertheless hundreds of thousands of people from all walks of life have had experience in organizing their neighbors, interpreting zoning maps, making community surveys, demonstrating in front of city hall and so forth. These are all critical skills in building the capacity for democratic planning. But the experience of the last decade took place in an environment where planning itself had little meaning. What good did it do to participate in the planning of one's community if the key variables — like the location of jobs and housing — were out of the control of the community? In the context of a national commitment to secure jobs and fair capital allocation, community planning would be much more relevant. Community plans for population growth, job development, housing, transportation could, and should, be the basis upon which national resources are allocated.

A "second generation" of community planning, therefore, would provide assistance to citizens in neighborhoods

and towns and states to engage in serious planning around the question of what they want their town or neighborhood to look like. Beginning efforts for such democratic planning are now being tried in cities such as New York, Minneapolis, and Washington, D.C. At the state level, Hawaii, Washington and Iowa have involved thousands of citizens in planning for the next 25 years. All of our experience shows that the issues, techniques and technology of such planning are not beyond the capacity of ordinary citizens, if we allow a reasonable time to develop experience.

With the basic power to plan and the control over key resources, communities could also begin to build local alternatives to the for-profit growth oriented corporation. The last decade has seen the formation of a number of such community based institutions, including consumer cooperatives, community development corporations, municipally owned enterprises, even a few worker owned factories. They contain the seeds of a much larger constituency for a planned fair and decentralized economy. Several proposals have been made by Ralph Nader and others for the creation of development banks to assist in the financing and provision of technical assistance to these local institutions. Because they are local and geographically rooted, they are much less geared to the continuous growth that is the goal of the modern big business corporation. In a secure economy the role of the small local entrepreneur might also be strengthened. Ultimately a democratically determined national plan should be the integrated and carefully balanced sum of the plans of thousands of communities and neighborhoods in America, not the politically balanced views of a Presidential staff and a few key Congressional chairmen. Section 7 of the Congressman Hawkins' Equal Opportunity and Full Employment Bill opens the door by providing for local planning councils and "community boards." But these are merely advisory. The real power is still held in the hands of the bureaucracy; in the all too familiar pattern, citizen participation is a marginal sop to democratic ideals. Steps in a more positive direction are the improved citizen participation requirements in transportation and housing problems. Rather than an afterthought, community planning councils

should be the core of the planning process. National plans should reflect, not dictate, community priorities.

Democracy, of course, is a value in and of itself and should be pursued for its own sake. But there are additional reasons for making it a major goal of economic policy. Over the next decade and beyond Americans are going to be asked to make major adjustments and sacrifices. Only when there is a sense of community and a sense of participation will such plans have the confidence and trust of the population. Without that trust American democracy itself will be hard put to survive. More fundamentally, economic policy should, we believe, serve the broader, positive goal of reinvigorating the experience of community in America.

It is obvious that the long term goals we have sketched cannot be met all at once. Nor can they be met without short term political conflicts — both between the parties and within the parties. Finally, they cannot be met without a significant period of open and honest experimentation, public debate, and wide ranging inquiry into subjects previously swept under the rug in American politics.

We believe that the American public is both mature enough for such a debate — and, pressed by economic circumstances — more than ready for it. There are also significant starting points for all the basic departures in legislation already introduced by established politicians — from Kennedy, Stevenson, Magnuson and Humphrey in the Senate to Reuss, Hawkins and others in the House.

We are presently entering a time of political instability and ambivalence: Republicans propose huge energy spending programs through new public corporations; Democrats cut back social programs. It is a political commonplace to say that the nation must have bold new policies. But the parties continue to grasp for short term advantage while the discontent builds, and while politicians of the Right step up their exploitation of the crime and violence which are the inevitable result of neglecting basic problems. It is time that we begin to take ourselves seriously. Unless the political parties take responsibility for open debate on the future of America, the time is not far off when they will cease to have a part to play in that future.