

Beyond Repression, Rebellion, and Reform

IT'S THE *PUBLIC* POWERS, STUPID!

By Moshe ben Asher, Ph.D.*

As a student of community organizing at the UCLA School of Social Welfare, my mentor was Professor Warren Haggstrom, who had what has always seemed to me an engaging view of Los Angeles as a polity. He once said that, “Los Angeles can be understood best as an underdeveloped city, complex in the sense that large dinosaurs were complex, without being very adequately guided by its own ideas.” That was more than 25 years ago, but the comparison is more apt now than ever. And his insight is just the tip of the secession-momentum iceberg—the growing demand for political independence by substantial districts within large urban municipalities, which is not likely to be diverted by the recent defeat in Los Angeles. There’s a long list of reasons why the City of Los Angeles and other such municipalities shouldn’t be the exclusive local governments for millions of citizens—the secessionists certainly have that right. But before we consider why secession is such a misguided idea, let’s consider how it has gained so much momentum.

Demise of Local Government

While cities continue to grow larger and more ungovernable, the means of their governance—for example, the *City of Los Angeles*, the Council, the Mayor, and the bureaucracy—remain virtually unchanged. Consider L.A. as a representative illustration: Fifteen people continue to hold *all* of the public powers that are essential to govern 3,694,820, notwithstanding the launching of advisory neighborhood councils. There hasn’t been any discernable shift in who controls the powers to enact ordinances, police, regulate, tax, spend, contract, incur indebtedness, or exercise eminent domain. These powers over millions remain in the hands of a handful.

During the course of the last century, cities throughout the country generally and Los Angeles in particular grew into bureaucratic behemoths though relentless annexation of small towns and municipalities within their potential “sphere of influence.” The San Fernando Valley was once home to a number of small town governments. The net effect of their demise is “local government” that cannot meaningfully be described as *local* or *government*, at least insofar as those terms suggest accessibility and inclusive political participation. With gigantic constituencies, our so-called local government officials have fled the political arena of *citizen* dialogue and decision-making about civic affairs, except for public rela-

tions purposes, effectively becoming members of a public board of directors that oversees their centralized bureaucratic enterprise. Mandated by a meager minority of the eligible electorate to supervise public monopolies, they’re mostly involved in negotiating compromises with well-organized and endowed elites, pluralities, and special interests. Real estate, construction, and development interests, banking and finance institutions, unions, and the like, have become the citizenry served by the City’s bureaucratized polity. Certainly we don’t have anything that remotely resembles what less than a century ago was called “local government.”

The colossal size of our centralized and bureaucratized city governments, as means not only to deliver services but also to regulate and rule politically, obviates the demands of representation as we usually understand them. With voting constituencies in the hundreds of thousands, political participation costs for most of *us* are exorbitant. Individually trying to influence decisions at City Hall is a Kafkaesque exercise in futility. Not surprisingly, for those unable to meet the ante—the *majority* whose day-to-day interests are *not* meaningfully represented by the high-powered lobbyist-denizens of the Los Angeles municipal government—elected officials are objects of fear and scorn: we typically fear them in their presence and scorn them in their absence. For most of us, *local government* is an historical artifact. What’s a typical response of elected city council members, who “represent” hundreds of thousands of residents, when described as unresponsive? According to one member of the L.A. Council, “Council members spend all day long responding to things in their district. The danger in the kind of rhetoric I’m hearing [justifying secession] is that it just obscures the issue of learning to be close to [the representatives] who can fix things in your neighborhood.”¹ In other words, presumably we are to accept the naïve notion that one representative can adequately serve the needs of almost a quarter-million citizens—even assuming she’s working 24/7. Then we’re to accept the arrogant assumption that if a citizen’s needs aren’t being met, it must be because he or she doesn’t

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¹ *Jewish Journal of Greater Los Angeles* (January 29, 2002).

know how to use the system—even assuming the person has been trying 24/7.

In a manner of speaking, we were forewarned of the consequences of bureaucratized polity. After his visit to this country in the early 1830s, the French nobleman Alexis de Tocqueville wrote that centralized bureaucracy was the “despotism democratic nations have to fear” in the future. He described a new type of public organization, for which he acknowledged having no name. He imagined and described an organization that would “degrade without [physically] tormenting,” a powerful force for social isolation, undermining community, and becoming the unsatisfactory arbiter and guarantor of equality—while continuously narrowing the space [i.e., rights, roles, and resources] for civic action until the citizenry is reduced to “a flock of timid and industrious animals, of which the government is the shepherd.”² Seemingly we have arrived at the place Tocqueville imagined.

What is it about bureaucracy that fosters such damnable consequences? The inherent anomaly of a bureaucratized polity like the City of Los Angeles is its domination by a single center of decision-making. The result is a complicated, costly, and error-prone system of communication and control. We have an example in a parallel bureaucratized polity, the L.A. Unified School District, with the recent revelation of a \$19.3 million expenditure on a contract to buy air conditioners in which the District failed to get a single air conditioner in the bargain. The problem is accentuated by the City’s monopolization of services, which reduces its sensitivity to large-scale *diseconomies*.

To the continuous pain and resentment of citizens with low to moderate incomes, those who find it difficult to move out of the City when its governance is offensive, burdensome, or simply inept, the City has adopted the practice of defining “producer efficiency” without reference to “consumer utility.” In effect, the City’s monopoly has created an incentive to realize cost savings, improving the appearance of economy, by placing greater burdens on consumers.

Let’s say you’re an L.A. resident who is not thrilled with the cost of your cable TV service—it’s now approaching \$50 a month for the basic package. Where and how do you complain? Take yourself to Room 600 at 120 South San Pedro Street. How’s that for convenience and service? Got a housing code enforcement concern? Try the main office at 111 North Hope Street. Need a building permit? Go to 201 North Figueroa Street. You say you don’t live near downtown—that’s a shame.

² Alexis de Tocqueville, *American Institutions and their Influence* (New York: A.S. Barnes, 1851).

Not long ago I had occasion to call the City because across the street from where I live, a large truck and trailer rig with very noisy pumping equipment has been disturbing my neighborhood for over a year—a deep, loud droning all day long, every weekday. A brief survey of some of my neighbors confirmed that they too were fed up with this noise nuisance. After overcoming the hurdle of identifying the correct official to contact, I called the individual to request that the City investigate the problem. Regardless of what time of the day or day of the week I called, there was a recorded response. I left three or four messages, never received a reply, and finally gave up.

That the movement for secession is gaining momentum reveals nothing more than the logic of collective action; it’s what we should expect people to do in their own self-interest under the circumstances. But if that’s true, why should secession *not* be the solution? If big is bad, shouldn’t smaller be good? And if secession is not the solution, what’s the problem? For starters, it’s not whether large urban municipalities should be divided up into a number of smaller cities, which is a no-brainer.

The problem we face is how to determine the most effective form of governance for the massive, diverse, and growing citizenry within the “natural” *political* and *economic* boundaries of such metropolitan areas.

Challenges of Empowerment

The challenge in the next decade is to imagine and bring to life a form of government that will *politically empower* myriad constituencies and localities, from neighborhoods to districts and beyond to metropolitan boundaries, while simultaneously recognizing inescapable demands of *economic empowerment*. The secession of mid- to large-size districts, such as Hollywood, San Pedro, and the San Fernando Valley in Los Angeles, will not accomplish either objective. We won’t have relieved the alienation of ethnic and cultural neighborhoods and constituencies from the exercise of *public powers*, but we will have lost the economic advantages of metropolitan boundaries for producing “public goods.” There is every reason to think that a new San Fernando Valley city of nearly one and a half million people will simply create another large, unresponsive bureaucratized polity.

Answering the question of what’s the best form of government for metropolitan areas pits us against more than a century of momentum and misinformation that undermine *structural* reform. From the late 19th century and throughout the 20th, “municipal reformers” claimed that having many municipalities within a metropolitan area was politically ineffective and economically inefficient, which often seemed an accurate observa-

tion. And in their time, up to a point, they were right. But now, at the beginning of the 21st century, we've gone beyond that point. So let's consider why and how that's true.

The earliest and most influential explanations of municipal reform were Woodrow Wilson's *Congressional Government* (1885) and Frank J. Goodnow's *Politics and Administration* (1900). Wilson believed that the state should have a single center of power, and that constitutional separations and balances are little more than facade. He argued that as power is more divided it becomes more irresponsible. Max Weber's writing on bureaucracy supported Wilson's central themes. Weber thought that bureaucracies are inherently rational and efficient. His belief was that, while government may have different *political* objectives, good *administration* has but one form—hierarchical organization, with top-down authority, directing technically trained civil servants. Its efficiency and effectiveness presumably could be measured in economic terms: maximum output at minimum cost. And derivative principles of municipal government have been repeated endlessly ever since. These include widening span of control, functional departmentalization, unity of command, consolidation of authority in unit heads, and centralization in a chief executive (or executive group)—all identifiable features of our big city governments.

From the turn of the last century, virtually every major city in the country created a "municipal reform bureau" to promote these principles of local government.³ The movement was bankrolled by well-known industrial capitalists who could see that the big-city political machines could no longer deal with the increasingly raucous demands of a mushrooming class of urban industrial workers. The municipal reform principles were rationalized by theory that served distinct capitalist ideological interests, with little or no scientific foundation. Nonetheless, with ample financial backing and an engaging theoretical rationale, municipal reformers justified reducing the number of governments within metropolitan areas, increasing the size of governments, placing greater reliance on hierarchical control, reducing the number of elected officials, and replacing smaller towns and limited authority special districts with cities and counties having general authority.

The effect has been to treat citizens in their local communities as incompetent to govern themselves and to contract together by petition and election to form public organizations for that purpose. Unfortunately, municipal reformers' claims for improvements in efficiency and effectiveness

have not been borne out. The only scientifically verified advantage has been that in a relatively small number of instances, the boundaries of the larger city were more *economically* viable. The *political* consequences, however, have been catastrophic. Overall, the municipal reform tradition, as characterized by Vincent Ostrom, has been "the disease rather than the doctor" of American public administration.⁴ If the call was once to "municipal reform," it ought now be to "*reform* municipal reform."⁵

The circumstances of our lives present us with a providential question: What are we to do about *our* governments which, by their very structure, even with the good intentions of those who guide them, inter hope and spirit, governments that poisons human potential by their alienation of the citizens who authorize their operation? What are we to do about our bureaucratized municipal polities that, with a monopoly on politics and the production and distribution of public goods, are commonly incapable not only of economy and efficiency, but equity and accountability as well?

Scientific Public Administration

Contrary to the municipal reform *ideology*, there is a competing history and *scientific theory and practice* of public administration. Reconstructing from *The Federalist* the theory implicit in a "compound" federal republic—our combined system of federal, state, and local governments—Ostrom cites as its distinguishing feature the balancing of powers rather than their separation.⁶ The idea is that in a national structure of compounded governments, each level of government offsets the powers of the government above it, so that citizens can act through cities and counties to somewhat balance the states' powers, and act through the states to restrain federal power. Ostrom proposes that the founders of the nation consciously employed this compound, *polycentric* model in preference to the *monocentric* British state.

Recognition of the compound federal structure as a stable and productive polycentric system, composed of a vast number of independent yet federated governments, is the first and essential step in developing a 21st century vision for *urban* government, retrieving it from the domination of centralized bureaucratic monopolies.

⁴ See Vincent Ostrom, *The Intellectual Crisis in American Public Administration* (Tuscaloosa: University of Alabama Press, 1989).

⁵ For a less than idealized view of municipal reform, see Robert L. Bish and Vincent Ostrom, *Understanding Urban Government: Metropolitan Reform Reconsidered* (Washington: American Enterprise Institute for Public Policy Research, 1973).

⁶ See Vincent Ostrom, *The Political Theory of a Compound Republic: Designing the American Experiment* (Lincoln: University of Nebraska Press, 1987).

³ For a case study that casts municipal reform in a positive light, see Jane S. Dahlberg, *The New York Bureau of Municipal Research* (New York: New York University Press, 1966).

Polycentric theory is the conceptual foundation for what is now known as “public choice” political-economics. Over the past several decades, political-economists have been examining various organizational patterns for producing public goods and services.⁷ They take *public* choice or *demand*, in contrast to *expert* determinations of *need*, as their basic unit of analysis.⁸ Their goal has been to assay the outcomes of different organizational decision-making arrangements. They don’t conclude that all polycentric systems are productive but that we may optimize them by varying the dimensions of their design.

Going beyond municipal reform measures of organizational performance that are based on the ratio of goods produced to their production costs, public choice political-economists look at production and consumption costs. Including consumers’ burdens, such as travel and waiting times, ensures that “social” costs will be included in measures of performance. The complete criteria for evaluating government performance are efficiency, the ratio of production benefits (output) to costs (input); effectiveness, the quality of service as a function of cost; equity, the provision of special service to meet special need; equality, equal service for equal status; and accountability, citizen access and control.

The public choice approach to organizational design is based on a theory of producing public goods.⁹ In a capitalist economy like ours, goods that can be *divided* and packaged for consumption according to individual preferences—toothpaste, sold in small tubes, is the classic example—are usually in the *private* economy. Because such goods are divided, however, individuals who can’t or won’t pay for them don’t get a share. Purely *public* goods and services, however, are *indivisible* and, once produced, they are (at least theoretically) accessible to everyone whether or not they pay for them. The costs of public goods and services are apportioned through taxes among the total population (again, at least theoretically). Water purification, air pollution control, city streets, and armies are examples of indivisible public goods. The principle isn’t absolute because some divisible goods are also produced publicly to ensure the welfare of the disabled and disadvantaged, to lessen hardship for those who can’t pay for essentials, and when a good or service affects everyone equally by conditioning the total

environment, as with police patrols or mosquito spraying. And, of course, some indivisible goods are produced privately.

“Public bads” are the reciprocals of public goods. The idea is that what an individual regards as a *private* good may be bad when considered as a matter of *public* interest—say for instance, the Malibu homeowner who wants to restrict beach access or the teenager who spray-paints gang graffiti on a public building. While the main goal of urban government is the *production of public goods*, typically by increasing the quantity of facilities and services, there is an equally important need to *eliminate public bads*. Often the yield from government investment is greater on balance from achieving more *effective usage of facilities*, reducing public bads, than by *enlarging their quantity*. Unfortunately, centralized bureaucratic governments are notorious for their inability to reduce or eliminate public bads by influencing public behavior, which is an arena in which face-to-face, grassroots organizations excel.

The need for small-scale jurisdictions with public powers to reduce public bads has never been more pressing in our large cities. Los Angeles has frightening levels of gang activity and related crime, coupled with a centrally directed police force that for too long has been regarded as an “occupying power” by lower-income and working-class ethnic and cultural communities.¹⁰

Production of a public good involves a “deal” between the government and its “sponsors” (i.e., the taxpaying citizenry). The resulting benefits or burdens that *spill over* the city’s boundaries, affecting people living nearby, are known as “externalities” or “spillovers.” Animal control, paid for by L.A. taxpayers, spills over unearned *benefits* outside of the City by preventing stray animals from crossing its boundaries into adjoining cities; while a power generation plant within the city limits may spill over *burdens* in the form of wastes that are buried in another city. Urban public goods differ dramatically in their geographic implications, with spillover boundaries ranging from neighborhood to region. It’s these infinitely variable spillovers of public goods that must be taken into account when considering the most effective form of government for metropolitan areas.

Each public good or service has an optimum scale of organization for production. Economies of large scale are associated with capital-intensive production, as with sewage treatment, power generation, water supply, and mass transportation. Small-scale economies are common with a variety of more labor-intensive activities, such as teach-

⁷ For a seminal work in this vein, see Robert L. Bish, *The Public Economy of Metropolitan Areas* (Chicago: Markham Publishing, 1971).

⁸ For a general survey, see Glen O. Robinson, *American Bureaucracy: Public Choice and Public Law* (Ann Arbor: University of Michigan Press, 1991).

⁹ For example, see Guy Gilbert and Pierre Picard, “Incentives and Optimal Size of Local Jurisdictions,” *European Economic Review*, 40:19-41 (January 1996).

¹⁰ For a recent related op-ed statement of concern, see Frank del Olmo, “L.A.’s Next [Police] Chief Should Listen to What the Community Wants,” *Los Angeles Times* (April 14, 2002).

ing, maintenance, inspection, and some forms of policing.

Two-Tier Metropolitan Government

We can vitalize big city government not by exchanging centralized bureaucracy for district or neighborhood control, but by balancing the existing top-heavy system with grants of public powers to a lower tier of government. The basic polycentric model for this purpose is *two-tier metropolitan government*, dividing public powers and functions along metropolitan and neighborhood boundaries.¹¹ Given the presence of counties, metropolitan public authorities, and regional councils of governments, the most pressing need is to introduce public powers into existing and incipient neighborhood civil communities. The resulting grassroots empowerment would certainly moot the issue of secession for the majority.

Regarding predictions that public powers vested in neighborhood organizations will intensify ethnic isolation and undermine fiscal equity, there is a bottom-up view that is alien to the liberal and progressive rhetoric that advocates integration for others at all costs. It is that virtually all whites except those in the lowest socio-economic classes share the benefits of the present system of mass urban government, not only to maintain their own exclusive enclaves but also to contain and exploit ethnic ghettos. The view from the bottom is that there's nothing lamentable about trading the rhetoric of integration for some form of institutionalized neighborhood empowerment.

Equally not compelling from the bottom-up perspective is the argument that if public powers are granted to neighborhoods, the areas with resources, those producing tax revenues, are likely to secede, leaving those without to fend for themselves. The idea reflects a limited and mistaken conception of urban government as necessarily centralized or decentralized, rather than polycentric. In a two-tier metropolitan federation, however, empowered neighborhoods are part of a compound structure that includes a metropolitan government, along with county, state, and federal jurisdictions. It's not possible to secede unilaterally from their authority—particularly the taxing, regulatory, and judicial powers they exercise—any more than San Pedro can unilaterally secede from Los Angeles County. Moreover, across our contemporary cityscapes, the relationship between rich and poor areas is more like exploitation than charitable benevolence. So low- to moderate-income neighborhoods may have more to gain from acquiring public powers, winning the rights and resources to manage their own development, than hanging on to the current system.

¹¹ For an introduction to the "two-tier solution," see. Bish and Ostrom, *Understanding Urban Government: Metropolitan Reform Reconsidered*, pp. 12-15.

But there is a positive answer to predictions of more ethnic, cultural, and socio-economic isolation from neighborhood empowerment. Unlike the present situation in which monopolistic city governments tend to deny political rights, roles, and resources to citizens with low to middle incomes, giving rise to their political irrelevance, the advent of neighborhoods with public powers would offer practical opportunities for cooperation between disparate communities, each in their own self-interest. There will always be positive pressures for formal and informal service, mutual aid, and joint powers agreements in such a polycentric system.

In Los Angeles, or any other city dominated by bureaucratized polity, neighborhoods are often limited to interacting, at the polls or elsewhere, only in destructive competition or conflict. While both will undoubtedly always be with us to some degree, granting public powers to neighborhoods in the context of two-tier metropolitan government would create genuine opportunities for self-interested cooperation. Then our neighborhoods would not only have the need for cooperation, but also the institutionalized wherewithal to successfully launch and manage cooperative initiatives with one another.

Lower Tier Empowerment

If the majority citizenry is to have an effective voice in governance of the big cities, our urban neighborhoods will require organizations with a mix of public powers. In effect, to successfully govern and produce public goods and services demands a complex repertoire of organizational capabilities. Like any successful polity or enterprise, neighborhoods must be able to acquire, transform, and distribute resources. So it is that authentic expression of our collective political and economic will demands that neighborhoods have legislative, taxing, and other public powers, although in limited grants that recognize the essential role of an upper tier of metropolitan government with broader authority and responsibility. These powers, along with a mandate to contract and assume debt, are essential to vitalize the civic rights and roles of the citizenry and to capitalize and operate services and enterprises.

How can we accomplish this? There are three variations on neighborhood "empowerment": administrative decentralization, political decentralization, and by petition and election. They are distinguished by the direction of their sponsorship, their functions and authority, the extent of their public powers, and the characteristic ways in which their authority and powers become vested.

Administrative decentralization is easily recognizable from the imprint of its top-down sponsors. Notwithstanding the so-called decentraliza-

tion, it amounts to little more than an enlargement of the existing centralized bureaucracy, an ironic expansion, to fix an already legendary sluggishness. Branches are established at lower levels, like Boston's "little city halls," serving populations from 50,000 upwards, with low-level managers granted discretion to "gather input" and implement policies of centralized decision-makers. The professed goal is to upgrade the distribution of public goods and services, to improve equity and equality in addition to efficiency and economy, by more accurate measurement of need and targeting or tailoring of delivery. Such decentralization has a modest effect on the delivery of services—at the least, travel time to city agencies is reduced—but the character of political rule and bureaucratic decision-making remain obscure and inaccessible to the citizenry. The well-known story of the Roxbury Neighborhood of Boston and its Dudley Street Neighborhood Initiative illustrates the point that the "little city halls" have no effect on the bureaucratized polity of the city.¹²

Political decentralization is also sponsored from the top down. But it's very different than administrative decentralization. Limited political authority may be granted to local organizations. The neighborhood is given a limited franchise for a limited purpose under the supervision of the city. The heart of political decentralization is not branch-management but devolution of decision-making, limited to be sure, yet policy-making authority nonetheless. The neighborhood councils recently established in Los Angeles, governed by locally elected representatives, may evolve into this kind of decentralization, acquiring limited authority for some aspects of the City's programs and services. Sometimes the authority of the representatives includes a "legislative" mandate, to make decisions on policy options set out by the city. While some urban political-economists have recommended giving limited taxing authority to these neighborhood councils, the practice is unheard of and entirely without advocates among big-city mayors and elected county officials. Political decentralization in its ideal form is a non-starter. Its inescapable weakness is that by virtue of how it's created, there is no prospect that it will ever encompass essential public powers, even in limited grants. And as every municipal official knows that it's not possible to manage citywide government without such powers, the same is certainly true for neighborhood government.

Petition and election, however, are means by which citizens can directly establish neighborhood

organizations with public powers from the bottom up. Many states have the right of petition to bring about an initiative or referendum for charter reform. The organizations created by such actions differ decisively from their top-down-sponsored counterparts. The most important yet least apparent distinction between devolutionary approaches and these bottom-up methods is their *potential* to bring about the vesting of public powers. Unfortunately but not surprisingly, the decentralization of political decision-making in Los Angeles' neighborhood councils, while potentially a sharing of policy-making authority, never vests any of the city's public powers in the local councils, even though the councils were created by charter reform. The same initiative and referendum tools may be used, however, to vest limited public powers in neighborhoods in such a way that their withdrawal would require extraordinary conditions and actions, much as would be needed to eliminate cities and counties, because they would have the authority as public organizations to enter into binding contracts.

Thus the potential of granting public powers through initiative and referendum differs from devolutionary approaches in that neighborhoods so empowered may acquire permanent grants of the powers that are unique to governments. We may grant them *limited* entitlements to enact and enforce ordinances, levy taxes or service charges, exercise eminent domain, carry on policing, etc.

Neighborhood Politics & Economics

What should be the form of decision-making to ensure the democratic expression of the citizens' will? Should it be a direct democracy—the "open" form of government known to New England towns—in which every citizen has the right to attend and vote in the town meeting? Or should it be a representative government, as we have now in virtually every city, with an elected council of a dozen or so members?

The answer hinges somewhat on the ideal size for neighborhood organizations that exercise limited public powers. Most political-economists have concluded that, given the size of metropolitan areas like Los Angeles, the minimum scale for empowered neighborhood organizations, usually estimated from 10,000 to more than 100,000, puts direct democracy out of reach. The implicit assumption is that if neighborhood organizations with public powers were sized to serve populations from 5,000 to 10,000, the ideal for direct democracy *and* authentic community, some 150 to 300 such jurisdictions would be necessary in an urban area with a population of one and a half million. The presumption is that in a two-tier system of metropolitan and neighborhood government, the legislative body for the city, the equivalent of today's council, would be far too big—

¹² See "Holding Ground: The Rebirth of Dudley Street," an award-winning documentary film (available on videocassette) about the community organizing and development that revitalized the Roxbury neighborhood of Boston (Ho-ho-kus, NJ: New Day Films, 1996).

assuming that its members would be representatives elected by the neighborhoods.

But given the political alienation that goes with our “representative” city government, and recognizing that a single metropolitan area like Los Angeles is in many ways now comparable demographically to the country as a whole at its founding, the legislative body for the upper tier of our metropolitan government might more suitably be an *assembly*—several hundred neighborhood representatives from independent neighborhoods. Such a transformation would, however, dramatically increase accountability of every bureaucratized municipal polity.

The *economic* argument against neighborhood organizations with public powers sized to serve populations of 5,000 to 10,000, is that small scale is inherently inefficient for delivery of services. But polycentric theory and public administration practice both refute this municipal reform mythology. The theory suggests that efficiency, effectiveness, and accountability in providing public services can be improved by allocating them among governments of varying sizes. And research confirms, for example, that urban law enforcement so divided shows gains on virtually all measures of performance. Typical allocations of police services include: (1) support functions (records, communications, laboratory services, detention, training, etc.) to the metropolitan area; (2) crime-fighting (capture of criminals, stakeouts, SWAT activities, etc.) to districts; and (3) maintenance of public order (traffic control, public education, mediation of disputes, etc.) to neighborhoods. Similar divisions have been proposed and successfully applied to recreation, transportation, social and health services, judicial administration, and education, with benefits not only from the production of public goods but the elimination of public bads.

If the main arguments against direct democracy and the small scale it demands aren't compelling, the most prominent ones in favor at least speak to its value and feasibility. They are based on the political utility of public space and the economic benefits of public enterprise for urban social communities.

Creating Public Space

The most compelling fact of American political life at the beginning of the 21st century is the extraordinary degree of political alienation, the overwhelming privatization of concerns that were once thought to be matters of citizen discourse and decision-making. As individuals we no longer have opportunities to play meaningful parts in decisions of governance, which are reserved to distant and seemingly dehumanized governments. The familiar theme is frustration of human potential by denial of power.

The alienation we experience originates in our isolation from power, in our lack of resources to act effectively in politics and the economy. The result is a decay of the ideas that once united us as a people, because the old beliefs are no longer reinforced by the outcomes they are supposed to influence. As we can see all around us, behavior becomes divested of values, moral purpose, and communal goals, leading to public malaise and obsession with material possessions. We see the evidence of mass alienation in *refusal* to vote and the drive for *personal* position, prestige, possessions, and power—at all costs.

People with low to middle incomes who are not only dissatisfied but want to do something, albeit often reactionary, either find no way or are steered to positions and roles without power—which undoubtedly will be one of the debilitating consequences of advisory neighborhood councils, notwithstanding the inflated rhetoric, hyperbole, and cant surrounding their formation. The councils do not cure the deficit in what was once called “political liberty,” a more familiar expression for what political philosophers refer to as “public space”—those *institutionalized* rights, roles, and resources mentioned earlier.

For Jefferson and contemporary commentators too, American independence created new political liberty but failed to institutionalize public space for its expression in action by the general citizenry, except for occasional elections. Although the Constitution granted all power to the citizenry, it withheld opportunities for *acting* as citizens. Government discussing and deciding, the hallmark of political liberty, was closed to all but representatives. And the neighborhood councils do nothing effectively to change that fact.

Jefferson believed this lack of public space was a defect in the structure of the newly established state and would continue to threaten our nation's welfare. He was convinced that public space is a preventive measure and antidote to political tyranny, including the bureaucratic variety, and to endless cycles of insurgency and repression—of which we've had several large doses in the recent history of our big cities. He wrote that without public space as a permanent platform for constructive citizen action, “we shall go on in the endless circle of oppression, rebellion, reformation; and repression, reformation, again; and so on forever.” The heart of the problem is not poverty but powerlessness—which is the key to curing not only poverty but oppression and injustice as well.

Jefferson also believed that the presence of directly democratic government within a polycentric system would ensure that “every man in the state will let his heart be torn out of his body sooner than let his power be wrested from him by a Caesar or Bonaparte.” After his retirement from public life, he advocated subdividing the counties into

“little republics,” patterned on New England town governments, most of which were founded and continue today, nearly four centuries later, as directly democratic popular assemblies—which the citizens are adamant about retaining as such.

The need for public space has grown rather than diminished over the course of our urbanization history. Apart from the centralized bureaucracies, our urban municipal model of representation is feeding a vale of political alienation. It’s not difficult to understand how elected officials are recruited to serve special interests that hold irresponsible power and how the representative system is transformed from a means of articulating the democratic will to a method for subverting it. Reputable studies confirm the common sense conviction that voting and government policy are at best remotely related. Predictably, millions of people intuitively understand that going to the polls is not a remedy for their sweeping powerlessness, with school bond referendums and initiatives that limit taxes possible partial exceptions.

Our urban decline is marked by deprivation and alienation that result in part from massive scale, accompanied by the breakdown of political representation and the advent of centralized bureaucratic organization. We can reasonably expect in coming decades that, as cities grow in population and conditions worsen for the majority, there will be more frequent and extreme attempts to initiate and renew broadly based public life. Transforming that energy into constructive action will depend mostly on our institutionalizing empowering rights, roles, and resources for the general citizenry—the creation of directly democratic public space and public enterprise.

Fostering Public Enterprise

Our existing laws and traditions, grounded in capitalist interests and ideologies, hinder governments from engaging in enterprise, which is normally considered the preserve of private, profit-making organizations. The production and distribution of private (divisible) goods and services in the capitalist economy, particularly, are excluded from public activity—although not absolutely—which we might regard as a “preferential option for the rich.”¹³ It’s ironic because we trace our history from the English parishes that obtained income by brewing beer, renting pews, and other enterprise, and from the colonies that were founded by commercial exploration companies. But there are more contemporary and convincing reasons for neighborhood governments to engage

in enterprise within the context of polycentric public industry.

Social infrastructure—local organization and the cultural values and beliefs that sustain it—represents investment in a form of collective capital that serves individuals yet is charged to all the rest of us through taxation. Our public sponsorship of social infrastructure development bestows unearned benefits on owners of private capital. The few owners of significant capital enjoy extraordinary advantages, freebies if you will, from our public investments in social infrastructure. This is verified in cities when such investments are withheld and the infrastructure begins to disintegrate or disappears altogether. As public investment in schools, streets, libraries, etc., declines, private enterprise and capital accumulation suffer setbacks, victims of human resource shortages. There is decay of the labor force, slackening of training, education, and health care; and failure of public services, from policing and maintenance of streets to mail service.

Public subsidies to private enterprise, through uncompensated investments¹⁴ in social infrastructure, create lucrative incentives for more capital-intensive technology and production. Yet there is a deep and reasoned consensus among radical economists that *long-term development* of our political economy requires at least a partial shift away from capital-intensive, socially wasteful industries. Their great demands for capital, energy, and materials tend to restrict ownership and control to a small minority, strain government fiscal capacity to the breaking point, generate unmanageable wastes and social pathologies, and leave large reservoirs of labor idle. The alternative is for the public to directly reap some of the benefits of their investment in social infrastructure by engaging in local less-capital-intensive enterprise, especially in the service economy.

There are myriad opportunities for publicly sponsored, small-scale, labor-intensive enterprise, offering practical routes toward economic decentralization of the political economy.¹⁵ Nothing in the U.S. Constitution prohibits the states from exercising proprietary rights of enterprise, and several—North Dakota most notably with state banks—have done so. In *People of Puerto Rico v. Eastern Sugar Association* (156 F. 2d 316, 1946), the U.S. Court of Appeals upheld the Puerto Rican legislature’s use of eminent domain to break up large concentrations of land holdings by sugar companies. The states may grant these proprietary rights to local governments, either through their

¹³ This is in contrast to the Catholic doctrine of a “preferential option for the poor,” which ensures that, “In every economic, political, and social decision, a weighted concern must be given to the needs of the poorest and most vulnerable.”

¹⁴ That is, not offset by tax revenues from the corporate beneficiaries.

¹⁵ For one promising approach, see Hubert Schmitz, “Collective Efficiency: Growth Path for Small-Scale Industry,” *Journal of Development Studies*, 31(4):529-38 (April 1995).

chartering, by legislative enactment or initiative, or via constitutional amendment. State courts have gone so far as to allow municipalities to engage in commerce beyond their own city limits. Local governments in Michigan, for example, own and operate housing for the elderly in Florida. An early Ohio court decision allowed a city to run a railroad across its own boundaries.

Attempts by municipalities in the 19th century to own and operate utilities were initially branded “gas and water socialism.” But nearly 2,000 cities own utility companies. And in the wake of California’s recent power industry chaos, in which only those cities with their own generators didn’t face the threat of rolling blackouts, more than a dozen communities “have considered abandoning large investor-owned utilities” in favor of operating their own power plants.¹⁶ Perhaps the most interesting facet of this development is the consideration being given to “spot utilities,” taking advantage of the latest noiseless *neighborhood* generators that can economically and efficiently serve as few as a dozen homes.

Local governments run printing plants, telephone systems, public baths, laundries, theaters, markets, and much more. Some own sports teams, and many others own cable TV systems. At one point, one of the directors of the Golden Gate Bridge District, the multi-county public authority that also operates a ferry fleet and bus system, recommended that the District purchase or construct its own oil refinery, to satisfy its own needs and those of all other public transportation agencies in Northern California. Once the local government is granted proprietary authority, it may acquire an enterprise or supplementary resources either by purchase or eminent domain, although a public purpose must be served in both cases, and fair compensation made in the latter.

Beyond service-enterprise, intermediate technologies for manufacturing, many of which are byproducts of international development efforts, make it possible to create less-capital-intensive workplaces. The application of these technologies by neighborhood organizations raises a hope for relieving what has become an epidemic of alienation in the workplaces of industrial capitalism, which has not been relieved for low-wage workers in high-tech, fast-food, or building-maintenance industries. Given the absence of any economic law that predicts a better capital-to-output ratio by concentrating capital at fewer sites, there is also a promise of greater total economic productivity.

Development of neighborhood government service enterprises is also likely to have beneficial effects on alienation and economic output. The decentralization experiments of recent decades

have tested and refined many such enterprises—food cooperatives, daycare centers, community tool cribs, job exchanges, medical clinics, ad infinitum.

Public sponsorship of enterprise, if by directly democratic neighborhood governments, presents the novel prospect of distant yet feasible long-range opportunities for worker self-management in the U.S., a direct cure for workplace alienation. The potential for productive worker-controlled, directly democratic enterprise has been demonstrated repeatedly, in Israel, Yugoslavia, Chile, and elsewhere. The most obvious approach to integrating self-managed enterprise into neighborhood government is a variation on the Yugoslavian model, a two-chamber assembly, with popular participation in the “lower house” based on residence and representation in the “upper house” based on workplace.

Implicit in the incremental vesting of public powers in grassroots organizations is a slow but abiding tendency to countervail corporate power. The union movement in its early life was an example of how long-range, bottom-up investment in social infrastructure can refine and consolidate new power, critically altering relations with the elites that monopolize private capital.

Citizen alienation in big cities—our isolation from decision-making power where we live and work, where we buy and sell, and where we’re governed—promotes a strong bias to directly democratic rather than representative neighborhood government: it is a brief for public space and self-managed enterprise. The upper and lower population limits for such “open” government—10,000 and 5,000 respectively—do not present any insurmountable problems for organizing the upper tier of metropolitan government.

As more social communities arise in the City during the coming decades, primed for organizing by the downwardly spiraling conditions created by our distant City government and by the effects of mature industrial capitalism, directly democratic neighborhood government can be the most effective means for filling the infrastructural void.

Upper Tier Empowerment

Achieving a single, unified upper tier of urban government is more or less problematic depending on the congruence of city and county boundaries, and on the number of cities within the municipal boundaries (e.g., Culver City, Beverly Hills, West Hollywood, and Santa Monica located *within* the boundaries of the City of Los Angeles).

When the existing county government corresponds to the area-wide community, the main tasks are to expand its authority and responsibility, and to transform the structure of executive and legislative offices. Many metropolitan areas, in-

¹⁶ “After Energy Jolt, Cities Think Small,” *Los Angeles Times* (May 26, 2002).

cluding San Francisco, have achieved this transformation by consolidating their city and county. These objectives, seemingly fantastic, are all more feasible if there is parallel development of public powers in grassroots organizations, even on a modest scale.

The potential for successfully creating a two-tier metropolitan federation in Los Angeles reflects in part the imagined place of existing special and general-purpose governments. The list of possibilities is endless, and certainly none are predictable. Except for the possibility of special districts and municipalities dissolving voluntarily, merging, or consolidating with metropolitan or neighborhood governments, it must be reasoned that these districts and small cities will continue to represent genuine if not symmetrical civil communities in the urban political-economy. In the future Los Angeles we may see a “federal” government, metropolitan and neighborhood tiers predominating, but not excluding the remaining special districts and smaller cities.

Electoral Options

The pivotal issue in the development of an upper tier is office-holding (or districting), and there are a number of options worth considering. Metropolitan officials may be named by neighborhood governments and hold their upper-tier incumbency *ex officio*. They may be elected from districts that match neighborhood government jurisdictions. In either case, the legislative body of the metropolitan government would resemble an assembly, with several hundred representatives. Another option is for the upper-tier officials to be directly elected from larger districts. Or they may be elected at large.

There are disadvantages and dangers in constituting metropolitan governments as federations of neighborhood representatives, either *ex officio* or directly elected, or electing upper tier officials at large. There is the general drawback of focusing disproportionate attention on either neighborhood or metropolitan concerns. On the one hand, there’s the disconcerting possibility of a metropolitan government of neighborhood representatives bogged down in ceaseless conflict, pursuing narrow interests without let-up, absent any institutionalized representation of larger geo-political interests. On the other hand, the dangers of at-large elections for metropolitan government are high-cost election campaigns, resulting in severe financial burdens and restriction of office-seeking to a select few—coupled with the tendency to undermine the voting power, in metropolitan elections, of sizable minority constituencies, usually Latino, African American, and low-income.

There is an at-large electoral system that ensures representation of multiple constituencies

exactly in proportion to their voting strength.¹⁷ This “proportional representation,” unfortunately, is somewhat complex in operation and has been slow to gain public support as a reform measure in the U.S., although it has gained acceptance in Europe.¹⁸ In general, such a system would be based on the introduction of partisan parties into local government elections. The parties would win seats in the legislative assembly in proportion to their share of the popular vote.¹⁹

Electoral districting of the upper tier in metropolitan government, on the scale of existing voting districts, with constituencies of 50,000 to 500,000, may be most likely and most desirable. Such districting is probable because of the bias to the interests of current elected representatives and their constituencies; it’s desirable because, given the choice between at-large representation that favors “metropolitanism” and neighborhood representation that favors “localism,” it offers a means for building district-wide alliances and resolving intergovernmental conflicts.

Insofar as neighborhood and metropolitan governments are organized and begin to operate in coming decades as compound structures, their successes in meeting the challenges of urban governance will reflect the linkages between them. There must be institutionalized communication channels and decision-rules, integrated in a system of mutual understandings, and sanctioned by state laws, formal contracts, and other covenants that define their respective domains and terms of interaction. One of the most important issues is how fiscal resources are to be divided.

Fiscal Considerations

A sizable part of the conflict between local governments revolves around capturing fiscal resources. The problem in urban areas is that the tax base varies unevenly across jurisdictional boundaries. There is “cutthroat intergovernmental competition” to internalize (take in) resources and to externalize (throw out) problems and costs, through boundary changes, legislative mandates, or other available means. The result is a persistent mismatch between needs and resources.

¹⁷ Joseph F. Zimmerman argues for proportional representation in his article, “A ‘Fair’ Voting System for Local Governments,” *National Civic Review*, 68:481-7+ (1979). See also Rob Ritchie et al., “Reclaiming Democracy in the 21st century: Instant Runoffs, Proportional Representation, and Cumulative Voting,” *Social Policy*, 31(2):35-42 (Winter 2000).

¹⁸ See Karen Beckwith, “Comparative Research and Electoral Systems: Lessons from France and Italy,” *Women and Politics*, 12(1):1-33 (1992).

¹⁹ See Rob Ritchie and Steven Hill, “Proportional Representation,” *Social Policy*, 26:25-7+ (Summer 1996) and Andreas Ladner and Henry Milner, “Do voters turn out more under proportional than majoritarian systems? The evidence from Swiss communal elections,” *Electoral Studies*, 18(2):235-50 (June 1999).

The economic challenge in distributing resources is defining and assigning costs and benefits of fiscal flows, which are the underpinnings of equalization strategies. Economic activities spill over political boundaries, with people living and working and playing—always earning and spending—in different government jurisdictions. Consider a small municipality within a metropolitan area, an enclave city that attracts a new shopping center development. It then adds a sales tax of one percent. If the center attracts shoppers in large numbers from adjoining jurisdictions, sufficient sales tax revenues may be received for the small city to significantly lower its property tax. Some of the new revenue is consumed, of course, in providing police, fire, lighting, and other services to the new development.

The task when assigning costs and benefits of fiscal flows is to prevent exploitation of, or windfalls to, any governmental unit and segment of the metropolitan citizenry. The most promising government structure, because of its flexibility, is a fully developed polycentric system, one in which political-economic empowerment is gained through variously sized public organizations that can effectively manage their externalities.

There is good news and bad news for the proponents of this vision of unending competition for public resources. The bad news is that local officials in large cities and urban counties, managers of bureaucratic public monopolies, oppose in every way possible the formation of new, competing, independent centers of public power within their jurisdictions. In response to the proposal by the Carter Administration to give neighborhoods “equal standing” with other governments for direct federal funding, the U.S. Conference of Mayors branded the plan as one that would threaten “progress and harmony” in the cities—and nothing’s changed since then. The good news is that while the urban tax base may in places be insufficient for neighborhoods to become full service providers, prospects are good for gap-filling roles in producing and distributing goods and services. The potential for service divisibility, accumulation of resources through enterprise, and fiscal equalization strategies has been well demonstrated in the urban development and decentralization experiments of the last four decades.

Fiscal Equalization Strategies

There are two especially promising strategies for equalizing fiscal resources, apart from shifting the regulatory, program, or service functions of municipal government to higher levels, as with the transfer of city hospitals to county administration. Equalization may be achieved by delivering services in neighborhoods but transferring upwards the responsibility for taxing and financing. Fi-

nancing of public education has moved a long way in that direction.

The *State* of California now funds 60 percent of local public school education. The federal government funds 10 percent, local governments fund 28.5 percent, and the state lottery funds 1.5 percent. Prior to 1973 school funds came primarily from property taxes, and funding levels per pupil varied greatly. In 1973 the California Supreme Court in *Serrano v. Priest* ruled that students in areas with low property values were being denied equal educational opportunities as compared to students in areas with high property values. Based on the *Serrano* decision, the State began to equalize wealth-related differences among school districts and established a system of revenue-limit control formulas (SB 90). The formulas limited the amount districts could derive from property taxes and provided a basic dollar amount per unit of Average Daily Attendance (ADA), plus an adjustment factor for any special needs funding. An equalization or inflation factor was also added, which was higher for low-revenue districts and lower for high-revenue districts.

In 1977 California Assembly Bill 65 established a program that allowed districts to spend a minimum amount per pupil, with the State picking up the difference (i.e., equalizing) if a district could not raise the minimum amount on its own. If the property tax component for a school district equaled or exceeded its revenue limit, due to high property values, they were permitted to keep all of this money. However, the California Constitution requires that the State must give each school district a minimum of \$120 per pupil in basic State aid. If a district's property values are so high that the State only provides it with basic aid, it is referred to as Basic Aid District.

In 1978 Proposition 13 drastically altered California's property tax system by (1) rolling back assessed values to 1975 levels, (2) limiting the tax rates to one percent of assessed value and, (3) limiting the annual increases in assessed value to either the lesser of (a) two percent or (b) the change in the CPI. Until this time about two thirds of revenues for schools were provided through property taxes. In response to Proposition 13, legislation was enacted that shifted much of the property taxes previously allocated to public schools to the other areas of local government and made up most of the losses to schools with State funds (AB 8). Thus school district revenue limits were transformed from a cap on local tax revenues into an entitlement that guaranteed districts a certain level of general purpose funding. The net effect was that districts, with the exception of Basic Aid Districts, now depended primarily on State aid, since local property taxes were no longer sufficient.

In the early 1980s the State began providing additional equalization funding, which was incorporated into districts' general-purpose entitlements. In response to schools' reliance on State funds, Proposition 98 (1988) amended provisions of the State Constitution to set a guaranteed minimum funding level for K-12 education and the California community colleges equal to the greater of (1) a specified percent of the State's General Fund revenues or (2) the amount provided in the prior year, adjusted for growth in students and inflation. Proposition 98 is now responsible for a majority of school funding.

Federal and state financing takes many forms, and several of them could be aimed at neighborhood governments. Former U.S. Senator Mark Hatfield (R-Oregon), for example, introduced legislation to fund neighborhood governments by way of a Federal income tax credit. Presumably it failed to pass for lack of an organized constituency. The individual taxpayer in Hatfield's plan would have received a dollar-for-dollar credit against Federal income tax for "contributions" to recognized neighborhood governments. It has been proposed that state sales taxes be rebated to neighborhood governments for implementing state-recommended improvement programs. And financial assistance might be given with vouchers that can be cashed only by neighborhood jurisdictions.

A second way of equalizing resources among competing urban governments is known as tax-base-growth-sharing, a plan to share future growth of the urban tax base. State enabling legislation for this approach was adopted by Minnesota in 1971. The plan there takes 40 percent of the annual increase in non-residential property tax assessments within a metropolitan jurisdiction, pooling those resources at the area-wide level, then redistributing them back to all contributing jurisdictions on a formula tied directly to population and inversely to current per capita assessed valuations in each area.

Although not equalization strategies per se, among the least recognized possibilities for fiscal empowerment of neighborhood governments are locally generated resources. The resource base for urban governments can be considerably expanded by neighborhood sponsorship of public enterprise and by effective control of public bads.

Going Backward or Forward

Secession is not the solution for what ails us. It's a backward step based on a 19th century theory and practice of local government. Instead of one unresponsive bureaucratized polity, we'll have two—or three or four; instead of the clear advantages of near-metropolitan boundaries, we'll have fragmented and economically dysfunctional jurisdictions that correspond to districts within our cities.

One of the worst potential outcomes of these initiatives is the inevitable increase in alienation and despair they will produce among low- to middle-income citizens. How long after a successful secession initiative should we imagine it will take, given the most likely eventualities, before most citizens realize that little or nothing has changed for them—services no better, regulatory activity no fairer, opportunities for grassroots communal enterprise no greater, and political and bureaucratic decision-making no more accessible? The probable and most ironic outcome of a successful secession is that citizens will be more alienated than ever from their "local government."

What makes such a result all the more outrageous is that few of the proponents of secession are primarily interested in "good government"—we have budding political careerists, self-serving entrepreneurs, and self-promoting media—but what we don't have is a movement of the people, by the people, and for the people. Instead, we have a movement of, by, and for the special interests, pluralities, and elites.

When and if the citizens of our big cities decide to move forward and take governance into their own hands, hopefully they will begin with a vision of two-tier government in which *they* have at least one hand on the handles of public power.

What are the prospects for this vision of citizen empowerment? Admittedly they are few and far between at present. There is no organized constituency and it's patently not in the interests of those constituencies that are organized. Yet it's not far fetched to imagine that as the conditions of urban life become more punishing for the majority, while simultaneously our dissatisfaction with municipal governance intensifies, a social movement will emerge, eventually organizing itself for action to vest permanent public powers directly in the hands of the majority citizenry.

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