LONG ISLAND

2020

A Greenprint for a Sustainable Long Island
LONG ISLAND 2020:

A Greenprint For A Sustainable Long Island

A DRAFT PLAN

PREPARED BY AND FOR THE PEOPLE OF LONG ISLAND

BY THE LONG ISLAND PROGRESSIVE COALITION

AN AFFILIATE OF CITIZEN ACTION OF NEW YORK

in cooperation with the Research and Education Project of Long Island (REP-LI)

The Long Island Progressive Coalition is a grassroots community-based organization dedicated to promoting sustainable development, revitalizing local communities, enhancing human dignity, creating effective democracy, and achieving economic and social justice.
Executive Summary

Radical changes are now taking place in the United States and world economy that make it impossible to continue with "business as usual." Traditional development strategies no longer work. For Long Islanders, the evidence is all around us: the erosion of manufacturing; the disappearance of Grumman and the radical downsizing of the defense industry; proliferating empty stores and abandoned shopping malls; intolerable traffic congestion along with expanded road construction; the contamination of our water, land, air, and beaches; the loss of agricultural land and open space to unplanned growth; and expanding under- and un-employment, with continuing threats to decent, well-paying jobs. Thus our standard of living and quality of life decline, with increasing taxes and utility rates, diminished social and human services, blighted communities, more serious crime and expanded drug use, and decreasing access to quality affordable medical care.

It should be clear that we must significantly alter our development priorities or condemn this Island to a not so slow and painless death -- both economically and environmentally. We can no longer continue to try to "grow" our way out of our problems. Continual growth is not possible within a finite area, only producing an ever increasing amount of polluting "side effects". Nor can we continue to trust that an essentially unregulated world market will provide for our well-being. Rather we must replace an unthinking support of quantitative growth with a careful promotion of qualitative development. Long Island is now suffering at least as much from the wrong kind of development as from not enough development -- with too many malls, roads, congestion, and waste products. The traditional commitment to quantitative growth overtaxes the environmental carrying capacity of our region, undermining its long-term viability. Similarly, the single-minded commitment to profit maximization, with prices not including social and ecological costs, leads to unsustainable use of the land and its resources, while commitment to free trade drives down standards and destroys communities. Instead, we must place constraints on the activities of the supposedly "free market" if we are to insure that its decisions promote ecologically sound and sustainable economic development. Drawing, for example, upon models from Portland, Oregon, Seattle, Washington and Vancouver, British Columbia, among others, "urban growth boundaries" need
to be designated -- especially in eastern Suffolk County -- specifying where "development" must cease and open space be preserved.

Sustainable development thus requires a redefinition of the concepts of economic growth, economic development and economic wealth. It means promoting policies designed to restore and preserve our quality of life by replenishing resources as they are consumed. We can no longer afford to counterpose economic development and jobs to the health of our communities and natural ecology. The economic health of Long Island must be built upon and draw its strength from -- rather than in opposition to and at the expense of -- our environment. Either our economy and environment will prosper together, or they will deteriorate separately. The key to such development is the revitalization of Long Island's communities. We must put an end to the "mega-malling" of Long Island, rebuilding villages and hamlets that are economically vibrant, culturally alive, and socially equitable. This cannot happen without an effective expansion of democratic processes and community empowerment.

To these ends, we must control land use, preserve agriculture and open space, refocus and cluster industrial and commercial development into downtowns and abandoned industrial areas, and develop an ecologically sensitive vision and program that draws upon and enhances the Island's strengths rather than reproducing the disasters of elsewhere. Non-renewable resources have to be carefully husbanded and, where possible, substituted by renewable ones. Landfills for incinerated or non-incinerated waste should be minimized by a combination of recycling (including processes such as pelletization) and reductions in waste generation. The water supply can be protected by gradually expanding the catchment area through reforestation, and by preventing additional pollutants from entering the aquifers. Reforestation can be accomplished through real estate development which clusters development around downtown areas; favors apartments over single family homes, and expands the acreage under public control. Clustering also permits more efficient use of public transportation and encourages non-polluting transportation such as bicycling and walking. Substituting solar, wind, tidal, and other renewable, less-polluting energy sources for fossil fuels is yet another way to encourage a sustainable environment and economy.
Development must avoid the "suburban sprawl" characterized by "strip malls" lining such routes as Jericho Turnpike and the "110 Corridor". Industrial parks and commercial centers should be clustered next to, not strung out along, major highways, and where appropriate, rail centers. "Downtowns" need to be revitalized; where feasible, office buildings and retail stores should be situated in the center of villages, interspersed with and surrounded by clustered residential areas. Residential areas need to provide sufficient population density to sustain local retail activity, thus making pedestrian shopping and public transportation meaningful options.

We must stabilize the human population by discouraging further mass development, balance the rights of landowners with their responsibilities to their neighbors, their community, society, other species, nature, and future generations, foster compact development in ecologically suitable areas, preserve and enhance the quality of Long Island's surface waters, groundwater and associated marine waters through strict non-degradation policies, and provide recreational access to public lands and waters where this is consistent with conservation goals.

More specifically, we must institute an immediate freeze on developments that fragment the remaining Pine Barrens and other large natural areas, undertake a comprehensive ecological and economic analysis of Long Island in order to identify areas where protection would most effectively maintain biodiversity and areas that are most suitable for further development. We need coordinated, comprehensive, focused and enlightened efforts to create hamlet-centered landscapes with clustered, elegant, pedestrian-dominated and solar-powered housing.

We must, for example, promote those activities that have made the East End such a treasure: agriculture, mariculture, viticulture and tourism. Local agriculture, for example, burdened by an archaic and expensive distribution system that requires Long Island producers to ship their produce long distances to sell locally, can be dramatically bolstered by more farmers' market throughout the Metro region (so successful in Massachusetts). Sustainable production techniques, such as integrated pest-management, can further reduce costs and pesticide use. The resulting improvement in quality, freshness, and diversity will allow for more successful competition with producers from outside Long Island within the local market. Meanwhile, creative land use programs -- including land trusts, conservation
easements, land banks, and transfers of development rights — can productively preserve remaining open space.

More generally, we must halt further efforts to expand the Long Island Expressway — putting a freeze on practically all additional new road construction or widening; stop plans to build a high-speed cargo ferry at Shoreham or a bridge to Connecticut; oppose significant industrial development east of MacArthur Airport, including at Calverton airport; and halt construction of a mega-mall at the intersection of the William Floyd Parkway and the Long Island Expressway (LIE).

A sustainable transportation system must follow an Island-wide land use plan. We must not only place a moratorium on any further road expansion or new road construction, but dramatically augment our reliance on public transportation, especially railroads, and less-polluting private transport. There must be support for "interconnectedness" among rail, air, shipping, and auto transport — as recently proposed by the Regional Plan Association — with rail lines extended beyond Kennedy airport to the Brooklyn Navy Yard, which needs to be used for containerized shipping and rail freight, not incinerators. And we must vastly expand the capacity and facility of the rails to carry freight.

A sustainable Long Island will require ecologically sound economic development. With a future map of Long Island that permits buffers between residential and manufacturing facilities, it’s conceivable that a widely diverse economy can still be maintained here. We need to promote industries that draw upon our specific resources: an educated and skilled work force; quality universities and research centers; excellent parks and beaches; precious ecology and natural beauty; the still high quality of much of our underground water supply (especially under the central Pine Barrens); fortunate location on the east coast within the New York Metropolitan Region; and an enhanceable high quality of life.

We must encourage that economic diversity by strengthening the education of our workforce, improving rail links for the transportation of goods, reducing energy costs through conservation and the use of renewables, enhancing the attractiveness of the environment, and sustaining a high quality of private and public life. And this means that appropriate levels of public expenditure must be maintained in order to make and keep the Island attractive.
Most critical is the promotion of businesses that are compatible with Long Island's environmental, cultural, educational, and economic strengths. The preservation of open space is closely linked with the rebuilding of deteriorated industrial and commercial centers (as the former Republic aviation facility and the local "downtowns" of Hempstead, Riverhead, or Bellport.) The present economic and environmental unattractiveness of such areas -- none of which, it should be noted, require constructing expensive infrastructure -- results in a bias which leads to open space development, rather than constructive and sustainable re-development.

Upgrading sewage treatment facilities, financed by the federal Clean Water Jobs Act, can clean up the Sound, revitalize coastal areas, and provide thousands of jobs. Carefully planned industrial theme parks, such as those devoted to recycling industries -- for which there is a growing market -- can make the Island a center of recycling technology. For example, pelletization plants can transform the Island's sewage waste into a valuable export due to its relative non-contamination.

Careful attention to the joint needs of economic development and environmental preservation can offer significant advantages. The still high quality of Pine Barrens drinking water might be bottled for export, or used by industries that require such high quality in production -- with a corresponding business incentive to preserve this invaluable resource. Other industries of particular strength for Long Island might include thin-film photovoltaics, wind-power generation, graphics animation and video-computer production, environmental tourism and recreation, retirement communities, sustainable agriculture, and consulting, research and development in environmental reprocessing and waste management, including the pelletization of sewage sludge.

We further recommend promotion by the New York Power Authority of the retrofitting of existing municipal buildings and facilities and an aggressive program to replace old, inefficient appliances in commercial and residential buildings. But we oppose current plans by the Long Island Power Authority to bailout LILCO. Instead, we offer a series of practical proposals on conservation and the use of renewables that will lower rates and reduce waste, without massive additional borrowing that will lock-in high rates for years to come.
Because waste management is the third most expensive governmental function after schools and roads, we propose an Integrated Solid Waste Management plan that includes reducing the amount of solid waste created, composting organic wastes, recycling, reusing, or pelletizing where possible, and disposing of household hazardous wastes in an environmentally sound way. We need to research and develop alternate methods for the collection and disposal of hazardous waste, promote the development of more permanent STOP (Stop Throwing Out Pollutants) facilities, promote the development of more permanent recycling facilities, educate and assist residents, businesses, institutions, and governments on source reduction of solid and hazardous wastes, give incentives to encourage government, residents, businesses, and institutions to purchase goods made of recyclable materials, work with the tourism industry and the local Chambers of Commerce to encourage "green tourism," work with the schools to encourage incorporation of reduction and recycling in primary and secondary education curricula, support proposed legislation that will reduce excess packaging, support methods that will insure accurate labeling of household products containing hazardous waste materials, and legislate for recyclable packaging -- with penalties for non-compliance.

Long Island has extraordinary natural resources -- Long Island Sound, the headlands and harbors of the North Shore, the beaches and bays on the south, and the plains, pine barrens, and estuaries in between. In order to protect these resources, we need to develop a comprehensive land use plan for the region with the force of law that focuses on preservation and sustainable development. Such a plan must set limits on different types of use and equitably distribute sitings within communities. To this end we propose the establishment of a Long Island Commission on Sustainable Development, modeled on the Cape Cod Commission. It must be broadly representative and, among other capacities, have the power to review and pass upon the environmental sustainability of all significant development projects before they are allowed to proceed.

Drawing on proposals of the Regional Plan Association, we suggest the following preliminary general guidelines for sustainability:
1. **Reorient growth to centers**, in housing, services, jobs, and recreation, allowing the most access to the most people. Redirect development away from agricultural and virgin land to the downtown areas of hamlets and villages, as well as to abandoned industrial areas.

2. Require that business, government, and consumers calculate the real costs and benefits — including environmental costs and benefits — of their actions.

3. **Protect open space** promptly, while targeting unused and under-used land in developed areas for reuse.

4. **Connect lower income populations to jobs, services, and education** that have been locating largely in low-density, suburban areas. Key strategies include recentralizing growth, working with neighborhood organizations to facilitate housing and employment for lower income residents, and systematic replication of successful social, educational, health, and public safety programs.

5. **Protect and enhance the quality of community life and of public infrastructure**, from roads to bridges to rail, due to their vital role in maintaining the Region's identity as a leading area for high-paying, high-skilled jobs.

6. **Make government more responsive** to citizens by reducing overlapping jurisdictions and special districts, and providing for more democratic and representative electoral and administrative processes.

In addition to promoting economic development that is ecologically sustainable, it is vital that we revitalize democratic community life. That will require among others the reinstitution of effective progressive taxation. Only thus can we ensure that adequate funds are equitably available for food, housing, health care, educational, community services, infrastructure, and the promotion of small business.

As an first step, we propose the elimination of New York State’s energy gross receipts tax and the Nassau/Suffolk surcharges on the sales tax. In place of the latter we propose the implementation for local residents of a progressive surcharge on the State income tax.
On a more comprehensive level, we call for an immediate freeze on all proposals to further reduce income taxes in New York State. Then we need to reduce property taxes, with a corresponding shift to a more progressive state income tax. Additional options for raising revenue in a just and fair manner are also available through curbing corporate welfare. Ending the most unjustified of New York's many lucrative tax preferences could generate up to another $1 billion, thereby more than replacing revenue lost through repeal of the gross receipts tax.

Ultimately, nothing short of the restoration of effective progressivity at the federal level and the reintroduction of taxes that make large corporations pay their fair share can generate sufficient revenue for broad-scale community revitalization nationwide. Meanwhile the implementation of Green taxes -- that increase the costs of things we want to discourage, such as toxic waste, while reducing the costs of things we want to encourage, such as pollution control equipment -- can contribute to redirecting development in a more economically efficient and environmentally friendly direction.

Finally, it simply makes no sense to do what other plans for the Island have done, which is to pretend that we can act as if we are an island in every sense of the word, isolated from the rest of the world. Thus our draft plan begins with an overview of the world economy and Long Island's place within it. It is necessary to put our program into this larger perspective if it is to have any chance of implementation. We seek to develop a basic understanding of how the sustainable model for economic development must replace destructive models such as the unlimited-unrestricted growth model now being advocated.

In conclusion, this draft document now being presented publicly for first time is the result of a grassroots citizen effort of more than six years duration. It seeks to reframe the way the people of Long Island think about the problems and choices facing us. And it intends to begin a year-long process of public debate and discussion that will provide Long Islanders with a more hopeful future.

We recognize that this document is neither comprehensive nor satisfactorily detailed. For example, it does not yet adequately address, among others: demographic factors; the unequal distribution of wealth; race relations; quality
education; labor market strategies; the delivery of social services; or the provision of services for youth. Nor does it speak in sufficient detail about the needs of specific neighborhoods, villages, or towns. In the months to come, we will offer opportunities both to critically refashion and practically complete the program here presented. In addition to continuing to meet with local community groups in homes, libraries, and churches across the Island, we are planning a series of public hearings in each Island town and city — and several in the largest towns of Brookhaven and Hempstead. We invite local citizens to criticize our vision and practical proposals, as well as to provide us with detailed suggestions as to what such a plan should propose for their community.

The revised document that emerges from this truly representative and democratic process of community decision-making will then be presented to the Island's people and decision-makers for implementation. And it will become the manifesto of a revitalized movement of community empowerment and civic action that can truly make our Island a model for the nation and the world by the year 2020 and beyond. We invite the widest possible citizen participation in this process.
LONG ISLAND 2020:

A Greenprint For A Sustainable Long Island
A NOTE TO OUR READERS

The following document is the result of years of effort by concerned citizens from across the Island. Lacking vast financial and technical resources, we decided to draw upon the resources available to us: the knowledge, experience, dedication, and commitment of local activists and concerned citizens.

Deeply troubled both by the deterioration of life on Long Island and by the direction of public policy at home and abroad, we organized local discussions and public forums, shared information, coordinated research and civic action in order to develop a vision and practical program that might provide the people of Long Island with realistic economic and social alternatives to "business as usual".

The document now first being presented publicly is the result of that effort. It seeks to reframe the way we think about the problems and choices facing us. And it intends to begin a year-long process of public debate and discussion that will provide Long Islanders with a more hopeful future.

We recognize that this document is neither comprehensive nor satisfactorily detailed. For example, it does not yet adequately address, among others: demographic factors; the unequal distribution of wealth; race relations; quality education; labor market strategies; the delivery of social services; or the provision of services for youth. Nor does it speak in sufficient detail about the needs of specific neighborhoods, villages, or towns. In the months to come, we will offer opportunities both to critically refashion and practically complete the program here presented. In addition to continuing to meet with local community groups in homes, libraries, and churches across the Island, we are planning a series of public hearings in each Island town and city – and several in the largest towns of Brookhaven and Hempstead. We invite local citizens to criticize our vision and practical proposals, as well as to provide us with detailed suggestions as to what such a plan should propose for their community.

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# Table of Contents

A NOTE TO OUR READERS ........................................................................................................... 2  
ACKNOWLEDGEMENTS ............................................................................................................. 3  
PREFACE: THE CHALLENGE .................................................................................................... 7  
INTRODUCTION: THE PROGRAM .............................................................................................. 12  
PART ONE: LONG ISLAND IS PART OF THE WORLD ECONOMY ........................................... 18  
Section One: Long Island in the New York-New Jersey-Connecticut Region .................. 18  
1. Economy ............................................................................................................................. 19  
2. Environment ...................................................................................................................... 19  
3. Infrastructure .................................................................................................................... 19  
Section Two: Economic Theory And Practice on a World Scale:  
  The Rise of Neo-Liberalism .................................................................................................. 21  
  A. The Expanding Global Economy ................................................................................. 21  
  B. The Rise of Neo-Liberalism .......................................................................................... 27  
Section Three: Critique of Orthodox Economic Theory and Business Practice ........... 28  
  1. Scale ............................................................................................................................... 30  
  2. Environmental Consequences (or Externalities) ......................................................... 31  
  3. Discounting ................................................................................................................... 31  
  4. Myth of Free Trade ....................................................................................................... 32  
  5. Destruction of Community ............................................................................................ 34  
  6. Decline of Standards ..................................................................................................... 36  
  7. Degradation of Land ....................................................................................................... 36  
  8. In Summation ............................................................................................................... 38  
Section Four: Creating A Sustainable Long Island ............................................................... 39  
PART TWO: LAND USE ........................................................................................................... 44  
Section One: Zoning and Development .............................................................................. 44  
Section Two: Land Speculation ............................................................................................ 48  
Section Three: Transportation and Land Use ...................................................................... 48  
Section Four: Principles of Land Development .................................................................. 49  
Section Five: Proposals for Land Development .................................................................. 52  
Section Six: Affordable Housing ........................................................................................... 53  
  1. Introduction ................................................................................................................... 53  
  2. Principles ....................................................................................................................... 54  
      A. Revitalize Existing Centers ..................................................................................... 54  
      B. Develop More And Innovative Rental Units ......................................................... 55  
  3. Proposals ....................................................................................................................... 55  
Section Seven: Transportation ............................................................................................... 57  
  1. Introduction ................................................................................................................... 57  
  2. Principles ....................................................................................................................... 57  
  3. Proposals ....................................................................................................................... 58  
  4. Imagining Auto-free-Pedestrian Communities ......................................................... 59  
Section Eight: Ground Water Protection .............................................................................. 60  
  1. The Problem .................................................................................................................. 60  
  2. Goals .............................................................................................................................. 60
PART THREE: ECONOMIC DEVELOPMENT

Section One: Introduction

Section Two: Taxes
   A. At the local level
   B. At the State level
   C. At the federal level
   D. Green Taxes

Section Three: Environmental Industries
   1. Thin-film Photovoltaic Production
   2. A Wind-Power Factory
   3. Extraction and Marketing of Pine Barrens Water
   4. An Animation Video-Computer Production Company
   5. Pelletization
   6. Environmental Tourism and Recreation
   7. Retirement
   8. Sustainable Agriculture
   9. Fishing, Shellfishing, Aquaculture, and Viticulture
   10. Land Trusts
   11. Additional Directions
   12. Financing
   13. Implementation

Section Four: Energy
   1. Solar Photovoltaics
   2. Wind Power
   3. Tidal Energy
   4. Energy Retrofits
   5. New Energy Directions And The Fate Of LILCO

Section Five: Solid Waste Management
   1. The Problem
   2. Source Reduction
   3. Yard Waste
   4. Recycling
   5. Strategies For Pollution Control
   6. Implementation
   7. Recommendations
   8. Sludge

PART FOUR: DEMOCRACY AND COMMUNITY

APPENDIX A: "How Superstore Sprawl Can Harm Communities"

APPENDIX B: "Starting A Neighborhood Revitalization Program"

APPENDIX C: "A Vision For The Future From The City Plan Process"

APPENDIX D: Free Trade

APPENDIX E: Cape Cod Commission

APPENDIX F: "Reinvest In Long Island"
PREFACE

THE CHALLENGE

Radical changes are now taking place in the United States and world economy that make it impossible to continue with "business as usual". Traditional development strategies no longer work. For Long Islanders, the evidence is all around us: the erosion of manufacturing; the disappearance of Grumman and the radical downsizing of defense industry; empty stores and abandoned shopping malls; intolerable traffic congestion along with expanded road construction; the contamination of our water, land, air, and beaches; the disappearance of agriculture and the shrinking of open space; expanding un- and under-employment, with continuing threats to decent, well-paying jobs and to our standard of living; increasing taxes and utility rates; diminished social and human services; blighted communities; increasing crime and drug use; and the increasing cost and reduced availability and reliability of medical care.

What could be more obvious? We must radically reorient our development priorities or condemn this Island to a not so slow and painless death -- both economically and environmentally.

Concern about our future is everywhere. Plans and projections abound -- from the Long Island Association's recent proposals for new high tech industries in their Project Long Island to the Pataki, D'Amato and Gingrich strategies for radically downsizing government and privatizing what's left of public services and the community's wealth. What they all have in common, however, is the notion that we can continue to "grow" our way out of our problems, and that the engine of that growth is the expansion of an unimpeded and supposedly "free market." This plan, on the other hand, recognizes that continual growth is not possible within a finite area, and that there can be such a thing as too many malls, roads, and waste products. The Island is suffering at least as much from the WRONG kind of development as from not enough development. In short, we must significantly alter our priorities, replacing an unthinking support of quantitative growth with a careful promotion of qualitative development. We must, for example, halt efforts to further expand the Long Island Expressway -- putting a freeze on practically all additional new road construction or widening; stop plans to build a high speed cargo
ferry at Shoreham or bridge to Connecticut; oppose significant industrial
development east of McArthur Airport; and halt construction of a mega-mall at the
intersection of the William Floyd Parkway and the Long Island Expressway (LIE).

Those are some of the actions we should not take. But what should we be doing instead? First, and foremost, we should be promoting SUSTAINABLE
DEVELOPMENT, policies designed to restore and preserve our quality of life by
replenishing resources as they are consumed. Depletion and exhaustion of resources
must end and a long-term and economically and ecologically sustainable
equilibrium be established. This will require new policies that integrate four critical
pillars of sustainability: economy, ecology, democracy, and community. We must
clearly recognize that the economic health of Long Island must be built upon and
draw its strength from — rather than in opposition to and at the expense of — our
environment. We can no longer afford to counterpose economic development and
jobs to the health of our communities and natural ecology. Either our economy and
environment will prosper together, or they will deteriorate separately. And the key
to such development is the revitalization of Long Island's communities: the
rebuilding of villages and hamlets that are economically vibrant, culturally alive,
and socially equitable. This cannot happen without an effective expansion of
democratic processes and community empowerment.

To these ends, we must control land use, preserve agriculture and open space,
refocus and cluster industrial and commercial development into downtowns and
abandoned industrial areas, and develop an ecologically sensitive vision and
program that draws upon and enhances the Island's strengths rather than
reproducing the disasters of elsewhere.

Ecological sustainability requires that non-renewable resources be carefully
husbanded and, where possible, substituted by renewable ones. Landfills for
incinerated or non-incinerated waste should be minimized by a combination of
recycling (including processes such as pelletization) and reductions in waste
generation. The water supply can be protected by gradually expanding the
catchment area through reforestation, and through preventing additional pollutants
from entering the aquifers. Reforestation can be accomplished through real estate
development which clusters development around downtown areas, favors
apartments over single family homes, and expands the acreage under public control.
Clustering also permits more efficient use of public transportation and encourages non-polluting transportation such as bicycling and walking. Substituting solar, wind, tidal, and other renewable, non-polluting energy sources for fossil fuels is yet another way to encourage a sustainable environment and economy.

A sustainable Long Island will require ecologically sound economic development. We need to promote industries that draw upon our specific resources: an educated and skilled work force; quality universities and research centers; excellent parks and beaches; precious ecology and natural beauty; the still high quality of much of our underground water supply (especially under the central Pine Barrens); fortunate location on the east coast within the New York Metropolitan Region; and an enhancesable high quality of life.

With a future map of Long Island that permits buffers between residential and manufacturing facilities, it's conceivable that a widely diverse economy can be sustained here. We must encourage that economic diversity by strengthening the education of our workforce, improving rail links for the transportation of goods, reducing energy costs through conservation and the use of renewables, enhancing the attractiveness of the environment, and sustaining a high quality of private and public life. And this means that appropriate levels of public expenditure must be maintained in order to make and keep the Island attractive.

Our vision for the year 2020 is a Long Island of vibrant communities filled with civic activity, community health centers, cooperatively owned businesses, and responsive merchants. We cannot define the prosperity of a community by the living standards of the wealthiest, but by that of the vast majority. Cultures which sustain a relatively narrow difference between the living standards of the poorest and the richest tend to be more productive and more content than those where there is an ever-widening gap. There are many mechanisms for producing greater economic equality in society and these should be utilized. Social equality is a natural partner to economic equality. For example, a racially segregated Long Island, regardless of how green and prosperous, is not acceptable. Resources must be provided to overcome racial, ethnic, sexual and other unacceptable social divisions.

Broad political participation is thus essential to a sustainable Long Island. Most plans for the future downplay political participation because it tends to interfere
with the official planning process. Indeed, democratic participation in the political
decisions that determine our quality of life is a messy process, but a necessary one.
Though we wish our vision of the future to prevail, we must have the patience and
skill to develop it from below rather than to seek to have it imposed from above.

Finally, the Long Island of the future cannot exist in isolation from the rest of the
region, the country and the world. We cannot succeed in improving our own
situation by shipping our mess elsewhere. We must come to terms with our
economic and social co-dependency with the New York Metropolitan Region and
use that relationship for mutual benefit.

In the years to come, projections are for moderate economic growth. Such
growth, as well as the relocation of existing households and jobs, can have
significant consequences throughout the wider Metropolitan Region, as it did in the
last generation. Where this growth goes and how much it costs local government
in infrastructure and service requirements will depend very much on the success of
planning strategies that are implemented over the next twenty-five years. Long
Island residents must insist on implementation of coordinated and sustainable
regional and state planning goals. These need to build upon and strengthen, rather
than disempower, and demoralize, local communities. Otherwise we will be
effectively furthering a de facto plan that will accelerate the decline of our quality of
life. As long as localities are responsible for most school taxes, however, it is
unlikely that they can afford to take a regional view in deciding what should and
should not be located within their boundaries. Remaining farmland, critical
habitats and open space will continue to disappear under a blanket of suburban
growth and wide discrepancies between rich and poor communities will get worse.
Businesses and employment will continue moving from urban centers and
alongside suburban and rural highways. The population remaining in cities will
become further isolated and removed from economic opportunities, requiring
greater public assistance to compensate for a declining standard of living.

To avoid these dangers our plan is guided by the following strategies, drawn
from proposals of the Regional Plan Association (RPA):

1. Reorient growth to centers, in housing, services, jobs, and recreation, allowing the
   most access to the most people. Redirect development away from agricultural and
virgin land to the downtown areas of hamlets and villages, as well as to abandoned industrial areas.

2. Business, government, and consumers need to calculate the real costs and benefits – including environmental costs and benefits – of their actions.

3. Protect open space promptly, while targeting unused and under-used land in developed areas for reuse.

4. Connect lower income population to jobs, services, and education that have been locating largely in low-density, suburban areas. Key strategies include recentralizing growth, working with neighborhood organizations to facilitate housing and employment for lower income residents, and systematic replication of successful social, educational, health, and public safety programs.

5. Protect and enhance quality of life and quality of public infrastructure, from roads to bridges to rail, parks and community character, due to their vital role in maintaining the Region's identity as a leading area for high-paying, high-skilled jobs.

6. Make government more responsive to citizens by reducing overlapping jurisdictions and special districts, and providing for more democratic and representative electoral and administrative processes.
INTRODUCTION

THE PROGRAM

The recent implementation of landmark legislation to preserve the Pine Barrens testifies to a growing realization by the people of Long Island, now slowly beginning to include its business and political leaders, that we can and must have a new vision for the future of Long Island. We can no longer continue with business as usual. But what then is the alternative?

The Pine Barrens Preservation Act was the first step of a comprehensive environmental action plan initially put forth at our "Long Island: A New Vision" conference, held in December of 1992. That conference also began to outline a realistic program for the ecologically sound and sustainable economic development of the entire Island — a program capable of providing decent jobs and affordable housing, while still preserving both Long Island's basic industries and its quality of life.

Central to that program is the effective control of land use. An Island-wide plan must spell out where and what kind of development can take place, designating areas for preservation or targeted development. The "free market" must be constrained to work within the bounds of such a land use plan. Drawing upon models in Portland, Oregon and Seattle, Washington, "Urban growth boundaries" need to be designated — especially in eastern Suffolk County — specifying where "development" must cease and open space be preserved.

Town-by-town local planning conducted in isolation — the typical mode of planning across the Region — cannot supply solutions to our most pressing problems. Almost all of us live our daily lives in a far wider area than our municipal boundaries. By insisting on unfettered "home rule" in regulating land use, we are losing control over the much more extensive territory we live in. For example, our home town could take strong action to control ugly commercial strip development, only to find that neighboring towns, through which we must travel each day, have permitted commercial strips to proliferate along their roadways, generating congestion on regional highways and robbing tax revenues from their neighbors. We not only give up control of most of our surroundings, we also give
up any chance of achieving broader social goals, for example, building enough moderate-income housing and keeping residential areas close to jobs.

Agriculture, viticulture, fishing, recreation and tourism must remain key Long Island industries — critical to its environmental and economic balance as well as to its beauty and cultural heritage. Local agriculture, for example, burdened by an archaic and expensive distribution system which requires Long Island producers to ship their produce long distances to sell locally, can be dramatically bolstered by more farmers' market throughout the Metro region (so successful in Massachusetts). Sustainable production techniques, such as integrated pest-management, can further reduce costs and pesticide use. The resulting improvement in quality, freshness, and diversity will allow for more successful competition with producers from outside Long Island within the local market. Meanwhile, creative land use programs — including land trusts, conservation easements, land banks, and transfers of development rights — can productively preserve remaining open space.

The preservation of open space is closely linked with the rebuilding of deteriorated industrial and commercial centers (as the former Republic aviation facility and the local "downtowns" of Hempstead, Riverhead, or Bellport.) The present economic and environmental unattractiveness of such areas — none of which, it should be noted, require constructing expensive infrastructure — results in a bias which leads to open space development, rather than constructive and sustainable re-development.

Upgrading waste treatment facilities, financed by the federal Clean Water Jobs Act, can clean up the Sound, revitalize coastal areas, and provide thousands of jobs. Carefully planned industrial theme parks, such as those devoted to recycling industries — for which there is a growing market — can make the Island a center of recycling technology. For example, pelletization plants can transform the Island's sewage waste into a valuable export due to its relative non-contamination.

Careful attention to the joint needs of economic development and environmental preservation can offer significant advantages. The high quality of Pine Barrens drinking water might be bottled for export, or used by industries that require such high quality in production — with a corresponding business incentive
to preserve that invaluable resource. Other industries of particular strength for Long Island might include thin-film photovoltaics, wind-power generation, environmental tourism and recreation, retirement, or graphics animation and video-computer production.

In every case, development must avoid the "suburban sprawl" characterized by "strip malls" lining such routes as Jericho Turnpike and the "110 Corridor". Industrial parks and commercial centers should be clustered next to, not strung out along, major highways, and where appropriate, rail centers. "Downtowns" need to be revitalized; where feasible, office buildings and retail stores should be situated in the center of villages, interspersed with and surrounded by clustered residential areas. ("Upzoning" to five acres is not in itself a desirable strategy, especially if it means one house on each lot). Residential areas need to provide sufficient population density to sustain local retail activity, thus making pedestrian shopping and public transportation meaningful options. (See Appendix A: How Superstore Sprawl Can Harm Communities, for the destructive effects of "business as usual").

Our vision of what the relatively underdeveloped or low density portions of Long Island, from Coram to the East End, should look like in 2020 is hamlet-centered with pedestrian-dominated, mixed development. Some hamlets might be closed off altogether to autos so as to create "community interchanges" and provide places for strolling and biking. Housing should be downscaled toward small-unit family clusters that provide privacy yet community access. Co-housing should be encouraged to develop on Long Island, as it has in Colorado and Massachusetts. Some layered living should be designed, especially for hamlet and village centers, consisting of two or three story buildings, with shopping below, and commercial and light industry, particularly high-tech, nearby. Clustered, higher density living, such as some now found in Southampton and Sag Harbor should be surrounded by open space — a mixture of wild preserves and managed landscapes, such as agriculture and public parks. (See Appendix B: Starting A Neighborhood Revitalization Program, for local organizing strategies.)

Effective land-use planning requires vastly improved public transportation. Our excellent railroad infrastructure must be expanded, along with more effective and reliable ways of traveling north-south and "diagonally". Regular and frequent mini-van and mini bus service is needed between hamlets and to regional shopping
centers — even if it has to be subsidized, at least initially. Priority must be given to halting further road construction and minimizing road widening, accompanied by a determined effort to plant trees and shrubs along all major arteries.

The key to Long Island's future lies in seeing it within the context of the wider New York Metropolitan Region. The development of the rail freight system, for example — with direct connections to local airports, ports and through New York City to New Jersey and points west (as recently proposed by the RPA) — can dramatically improve commerce to and from the Island, while the preservation of the latter's natural beauty will sustain not only agriculture, viticulture, and mariculture, but also tourism and recreation.

Long Island is a truly special place — of remarkable diversity, enormous resources and extraordinary beauty — yet clearly at a crossroads. It seems to be stumbling blindly into its future, helplessly propelled by old ideas and a lack of vision. To preserve this special place for generations to come, we must now plan the future we want, and can sustain.

The program which follows is the result of many independent efforts undertaken by dedicated Long Islanders with specializations or particular interests in the various fields considered. All are committed to promoting sustainable development, thus preserving the Island they love. The ideas offered are drawn from documents developed by these activists as a result of forums and other public discussions held within their communities. The forums and discussions which contributed to the following proposals were all held in the context of developing a healthy and sustainable future for Long Island's economy and environment. In the spirit of the discussions which have already been held in communities around Long Island concerning a sustainable future, this document is intended as a blueprint for further discussion among policy makers and community residents.

Sustainability is dependent on recognizing and accepting the interwoven nature of the economic system. The same must be said of this document, meaning, first of all, that this has been a group effort. Secondly, it is extremely difficult to separate out specific issues when discussing sustainability without running the risk of extreme redundancy. One cannot discuss the "environment" in simple terms. A discussion of "land-use" must involve a discussion of the environment as well as of
transportation when the pattern of past development has resulted in a dependency on the automobile. This then brings in the issue of energy conservation and also requires a discussion of housing, public and private.

In order to simplify the inter-relationship of these issues and their presentation, this document is divided into four major areas: Long Island In The World Economy, Land-Use, Economic Development, and Community. Within these broad areas several sub-categories are presented. It is hoped that this method of organizing the document will facilitate the presentation of the issues, which by and large cannot be separated from one another. Furthermore, the reader should understand that this document in no way claims to address the entire range of issues involved in a plan for sustainable growth. Neither does it offer a regional plan for Long Island, encompassing the entire Metropolitan New York region of which Long Island is an integral part and upon which it depends for its economic growth. Rather, this document highlights specific issues regarding the environment and the economy and addresses them with the aim of initiating a discussion of sustainable development. It is anticipated that the resultant discussion will yield a more detailed and comprehensive program that will place the Island's development firmly within the wider regional context.

The document begins with an overview of the world economy and Long Island's place within it. It discusses the pressures on Long Island as a result of changes in the world economy. We include this information because it is necessary to put our program into a larger perspective if it is to have any chance of implementation. It simply makes no sense to do what other plans for the Island have done, which is to pretend that we can act as if we are an island in every sense of the word, isolated from the rest of the world. In this section, we also develop a basic understanding of how the sustainable model for economic development must replace destructive models such as the unlimited-unrestricted growth model now being advocated.

Our plan of action calls for holding public forums across the Island. At those forums community and business leaders will be invited to respond to "Long Island 2020", as well as to tell us what they want our final document to say about their village, city, town, or county. As a result of this Island-wide series of public hearings our draft document will be revised. It will then be presented to the people of Long Island as a plan of action that will place Long Island onto the path of a sustainable
future as we prepare to enter the 21st Century. We invite your participation in this process. (See Appendix C: A Vision For The Future From The City Plan Process, for an example of the way the city of Vancouver is democratically redesigning itself.)
PART ONE

LONG ISLAND IS PART OF THE WORLD ECONOMY

Section One: Long Island in the New York-New Jersey-Connecticut Region

Long Island must be seen as an integral and contributing part of the larger Tri-state Metropolitan Region, within an encompassing national and global market. For example, one of the Island's most successful export areas has been the "daily migration" of workers from their homes on Long Island to New York City. According to the New York Department of Labor, about one-third of Nassau residents work in the City, but they account for more than forty percent of Nassau income. This relationship, coupled with the significant economic activity that City residents engage in on Long Island (tourism, shopping) explains why, when the key economic sectors in the City are depressed, the Island economy also slumps, despite recurring schemes by local developers to transform one or another sectors of the local economy (office construction, manufacturing, tourism, etc.). New York City, itself, is heavily influenced by national and global factors as a "headquarters" city and center of world financial activity. Increasingly, as we lose our local productive base, we become more dependent on economic factors outside our control. This makes it harder or even impossible for us to have a truly sustainable economy on our own and compels us to consider how we can achieve sustainability on a national and global level.

Covering 12,748 square-mile area, this Metropolitan Region includes southwestern Connecticut, the lower Hudson Valley, New York City, Long Island, and the northern half of New Jersey. It has a population of 20 million people, 9 million jobs and a $600 billion annual output which represents 8 percent of the national economy – one of the largest, most productive and diverse centers of activity in the world.

Long Island's part of the Region accounts for over 2.6 million residents and 1.4 million jobs. Although many Long Islanders commute to work "off" island, others may consider Long Island a separate entity and may individually have no occasion
to travel to other parts of the Region. Nevertheless, it is part of the larger Region, integrated by three fundamental systems which override political boundaries:

1. Economy: The economic fortunes of the Region will increasingly rise or fall together. For example, "Wall Street" now stretches from Fairfield County, Connecticut, to Manhattan, and east to the brokerages and investment counselors across Long Island, part of an interconnected financial network of national and international activities. Advanced telecommunications increasingly allow businesses to move some office activities out of New York City and still maintain a headquarters presence in Manhattan, increasing regional interdependence. The nearly 100,000 Long Islanders who commute to work in Manhattan each day, spend much of their higher-than-average incomes back home on Long Island. As Long Island moves to recover the 100,000 jobs lost since 1989, it needs to recognize that its recovery is interdependent with the Region's.

2. Environment: Long Island has extraordinary natural resources — Long Island Sound, the headlands and harbors of the North Shore, the beaches and bays on the south, and the plains, pine barrens, and estuaries between. Many of these resources are shared with Long Island's neighbors, whether by a direct physical connection, such as Long Island Sound, or as a regional recreational resource, like the ocean beaches. Water and air pollution are shared, too. The Environmental Protection Agency recommends billions of dollars to clean up and maintain Long Island Sound, a project that will engage some north shore communities, together with New York City, Westchester and Connecticut. Most of the Region is classified as a non-attainment zone for failing to meet federal standards for air quality, as smog blows from one area to another. Recognizing that pollution does not respect political boundaries, Congress created the "Ozone Transport Commission" to integrate environmental planning in the Northeast to meet air quality mandates.

3. Infrastructure: Its highway system and railroads have integrated Long Island with the rest of Region, facilitating commuter access to employment centers in Manhattan, Queens and Brooklyn.

Throughout the Region, the infrastructure and environmental systems described above are reaching the limits of their current capacity, with little room for further growth given current trends and policies. The global shifts which are moving the
Region away from a manufacturing economy to a more service-based economy are leaving skilled and unskilled workers behind and disconnecting many communities from the new Regional economy. Similarly, our environment is suffering from harmful development patterns based on outmoded concepts of growth. Watersheds, farmland and wildlife habitats are threatened by suburbanization, as open space disappears at many times the rate of population growth. The highway infrastructure was not intended to carry its current loads, while sprawl pushes new development further out into the last sections of open space left in the Region more that 70 miles from the center. A new approach to these issues is desperately needed.

The Regional Planning Association has conducted extensive demographic analyses and forecasts for the metropolitan Region as part of its Third Regional Plan process. One inescapable conclusion is that population, jobs and retailing have spread outward across the Region. RPA estimates that the amount of developed land increased by 60 percent in the last generation, while population grew by only six percent — sacrificing our sense of place and environmental legacy for two-car garages and highway-strip shopping malls.

From 1960 to 1990, Long Island's formerly rural areas experienced explosive growth, while the more urban areas often experienced decline. The clearest example of this trend is that from 1960 to 1990, Nassau County population declined from 1,300,171 to 1,287,348, while the population of formerly rural and semi-rural Suffolk County grew from 666,784 to 1,321,864. If current trends continue, RPA projects that the suburbanization of Suffolk County will continue, with almost 1.7 million people by the year 2025. After 15 years of no-growth, Nassau County population will reach almost 1.6 million in 2025. Ironically, as Long Island residents leave the more urbanized part of the Island for the end of the Island, they will re-create in these places the very conditions from which they hoped to escape. RPA also projects that it may take the Long Island economy ten years or more to recover the jobs lost in recent years, but that area will bring back jobs, largely in services, in the next century. Effectively, these trends mean that Long Island will face increasingly difficult choices on how to utilize limited resources.

To address these issues we need to place our plan within the wider regional, national and even global context. Only then can we begin to address challenges that
are of such extensive scale, including those economic, transportation and natural resource issues that transcend political boundaries and that can best be managed at the regional level.

Section Two: Economic Theory And Practice on a World Scale: The Rise of Neo-Liberalism

We cannot, however, even begin to address the problems confronting Long Island, and to propose viable short- and long-term solutions without having some sense of the growing effect of global economic theory and practice on the local economy. It is not surprising that the problems facing Long Island are in many respects quite similar to those facing similar regions across the nation and the industrialized world. We must understand how our problems are the logical and inevitable result of those global forces and conventional economic proposals, and why efforts to continue with economic business as usual — as proposed by our business community and its public spokespersons in the media and the academic community — will only escalate the deterioration of our local economy and environment. Only then can we begin to give serious attention to an alternative vision, and begin to make sense of practical proposals for ecologically sustainable economic development.

There are two key dimensions of this problem. One is the rapid globalization of the world economy in accord with the theory and practice of free trade and the relatively unregulated free market. The second is a dramatic shift in public policy away from New Deal economics, with its income supports and safety net, deficit spending to stimulate economic growth and regulations to insure that corporate behavior accords with basic parameters of social welfare. We must address these so-called Supply Side Economics, or Neo-Liberalism, that is being popularly proposed as a replacement for the New Deal Welfare State. But first, the economics of globalization.

A. The Expanding Global Economy

By globalization we understand the rise and now relatively unrestricted domination of transnational corporations in a relatively unregulated world market. This is called "free trade". The name "transnational" means what it says. It refers to
corporations that regardless of place of origin, have production, distribution, and headquarter facilities in numerous locations around the world, yet answer to few, or sometimes no, regulations of the country, state and local government from which they conduct their global business. "Free trade" thus guarantees that national needs, values, conditions, environmental rules, regulations and standards -- particularly those more protective of public health, fair labor and fair pricing standards -- no longer apply to transnational business behavior. In fact, if any reader has or takes the time to read the major trade agreements our government has recently signed, he or she will see that individuals and local and state governments are now denied the right to appeal trade decisions taken by secretive international tribunals that can overrule democratically adopted legislation.

Globalization affects production, jobs, income, and consumption. With the growth of corporate power consequent upon the expansion of "free trade", the accountability of private enterprises to workers, managers and the communities where they operate has thus declined markedly in the past twenty years. The myth of "supply side" and "trickle-down" economics must surely be clear by now -- we've hardly had a dribble or rivulet, let alone a stream or river. Yet, even with the twists and turns of the stock market, there is more accumulation at the top than ever before. It is not true that the economy is sluggish. It has been fabulously "hot" for the organizers of the New World Order. While at the top, the national economy has expanded enormously, the rest of us have had increasing difficulty in making ends meet. Corporate decision have resulted in a shrinking tax base, accelerated joblessness, mounting insecurity in the workplace, and increasing poverty.

We already know that many industries have fled higher cost areas like Long Island for lower cost areas like Mexico and Guatemala. This movement has been aggravated by agreements such as the North American Free Trade Agreement (NAFTA) and the General Agreement on Tariffs and Trade (GATT). One result of these trends is an increasing disparity in income both in the United States and around the world. More than a quarter of the world's economic activity now comes from the 200 largest corporations. Currently, the world's 358 billionaires have a combined net worth of $760 billion, equal to that of the bottom 45 percent of the world's population. The average CEO in the United States now brings home about 149 times the average factory worker's pay. An estimated 18 percent of American workers with full-time jobs earn poverty-level wages. And since 1973, the number
of American children living in poverty has increased by 50 percent, so that 22 percent now live in poverty.

Meanwhile, the media provide the conventional interpretation of these events: that we are too well paid and insufficiently productive; that taxes are too high, thus squeezing investment and stifling initiative; and that we have to cut the taxes of the wealthy, and the services and benefits for the rest of us, so we may free up investment capital in order to compete successfully in the new world economy. Thus globalization increasingly takes place in a market relatively "free" of responsibility to those who produce and consume the outcomes of this transnational process. This then is the much more crucial meaning of "free trade". The transnationals are "free" to conduct business at the expense of our infrastructure, our social needs, even our jobs, benefits, and security. As a nation, we have yet to see that it is precisely this strategy of trying to bribe the wealthy by promoting tax cuts, "free trade", and globalization that is one of the major cause of the continuing deterioration of our standard of living.

The rise of the transnational poses particular and serious concerns for areas like Long Island. When we purchase something produced by a transnational, we know that a significant portion of the proceeds of the sale leaves our region and is returned to the manufacturer. Our purchase of an automobile, for instance, enriches the employees and stockholders of GM or Toyota, wherever these people live. Such consumption results in funds being drawn out of our local economy, which loss then needs to be made up by exporting products and services that are roughly equivalent in value to those we have consumed. As the balance of payments problem has been a major factor in the recent relative economic decline of the United States, so, on a smaller scale, has Long Island suffered a similar fate with respect to the wider economy.

Consider the effect of the domination of transnational corporations on our ability to control our local communities. The existence of innumerable political subdivisions and jurisdictions is a testament to the concern of Long Islanders for community control. While many critics have pointed to the impediments to development that these political structures entail, local residents value them as a way to maintain some control over their communities. As long as the local bodies had only to contend with residential zoning variances such as to add on a sun
room, or requests to open a service station, they were more than adequate to the task. In recent years, however, they have become very vulnerable to pressures from corporations based outside the region that want to open enormous retail operations in a lucrative market. Examples abound — BJ's, Price Club, Sams, Costco, Wal-Mart, K-Mart, Incredible Universe, Bob's Stores, Computer City, Comp USA, Stop And Shop, and Home Depot among the superstores, and in addition, among more conventionally sized stores from national or regional chains — CVS, Walgreen, Borders, Barnes and Nobles, Topps, and the Wiz. If it hasn't happened already, it will soon become quite difficult for locally based merchants with single locations to survive. The consequences for local merchants and downtown business districts are discussed elsewhere in this document.

What happens when a national or international retailer such as Wal-Mart or Stop And Shop seeks to open a 100,000 plus square foot store in a Long Island community? Because the economic and environmental impacts of such an operation are enormous, many local concerns are raised. Issues such as traffic, impact on local merchants, job opportunities, tax revenues, and environmental protection are central to the process. If the local community accepts the proposed business either because of existing zoning or because of a belief that the project will benefit the community, the project threatens to economically drain nearby villages and hamlets. More and more, however, these projects face local opposition. The struggles by the community to keep giant retailers out have had very serious economic and social consequences for the communities involved. At the very least, legal justifications for denial of permits and zoning variances are costly to local residents. Many of these disputes end up in court with communities at risk for millions of dollars in liability. If the community is successful, after a protracted struggle in keeping the retailer out, there is the chance for a return to normalcy. If, however, the community fails in its effort, then not only has there been significant local cost, but the community must live with an unwanted intruder that, because of its size, has a major impact on the local economy and environment. What, for example, is the likely fate of competing local merchants? When a single retail operator such as K-Mart can control 20 percent or more of a small community's economy, there can be neither local control nor local competition.

Although some chain retailers such as CVS, King Kullen or PC Richards originated locally, in almost all cases, the local community has little ability to
influence the overall direction of the business. The worst cases, of course, are the Wal-Marts and K-Marts, with thousands of stores across the world and to whose corporate management the local residents have as much humanity as the targets of bomber pilots flying three and four miles above the ground. When the World Bank proposes the destruction of hundreds of small villages in India in order to build a series of dams, it is different in scale but not in design to the situation created by the decision of a giant retailer to build a store in a "retailly underserved" community that resists it.

We may be troubled by the rise of the transnational for moral reasons as well. Just recently, The Gap announced that it would no longer sell garments manufactured in Guatemala because of human rights abuses in factories located there. That decision was the result of several years of pressure by human rights activists in the United States. This decision by one transnational corporation does nothing to alter the reality that in the United States we are increasingly unable to purchase locally-produced goods that we can feel confident were produced under acceptable conditions. The rise of the transnational has allowed us to continue our patterns of consumption by shifting many of the less palatable consequences elsewhere — consequences like pollution, human rights abuses, and starvation wages. At the same time, however, as consumers seeking the best possible price, we have tended to undermine the productivity of our own economy.

The conditions which currently prevail have not always been the case. From 1950 to the mid-1970s, the interests of large, U.S. based corporations coincided in important ways with the interests of large numbers of Americans. In those high growth years, thanks largely to strong unions and an activist government supported by both parties, big companies supported millions of well-paid jobs, provided health care and pensions, and brought women and minorities into the work force. Thanks to the new prosperity, improved education and training, and the more equitable distribution of income, median family income tripled between 1950 and 1970.

The global job crisis which we face in the 1990s results from the interactions of dramatic advances in labor-saving technologies with the equally remarkable expansion of the international labor market. "Competitiveness" is the mantra of this new economy, and the winning strategies involve "downsizing" labor costs
and increasing market power through corporate takeovers. A global pool of cheap labor is available to companies making virtually anything and, increasingly, to corporations selling insurance, data of every description, and legal, engineering, and accounting services. About a third of the jobs in the United States are at risk to the growing productivity of low-wage workers in China, India, Mexico and elsewhere, and this new reality exerts a downward pressure on wages and working conditions for millions of Americans who still hold jobs.

While the transfer of semi-skilled jobs overseas is hardly new, the shift continues to accelerate and now involves ever-higher paying jobs. The new tools of the information age were supposed to help the United States regain an edge in international competition. And while that has happened in many advanced-technology industries, the combination of powerful personal computers, particularly modems, and high-capacity undersea telephone cables have made it easier and cheaper to move large quantities of computer data, even for complex engineering designs. The result is that millions of white-collar Americans are being subjected to the same global wage pressures that their blue-collar counterparts have long faced.

This pressure on wages and salaries is increased by the current wave of corporate downsizing. In the three years ending in March, 1994, five companies - I.B.M., A.T.&T., G.M., Sears Roebuck and G.T.E. - announced layoffs totaling 324,650 employees. An American Management Association study based on interviews with corporate executives concluded that payroll-trimming is now a permanent strategy for many companies. And job slashers tend to be well rewarded. In 1993, the CEOs of twenty three of the nation's twenty seven top job eliminators received raises averaging 30 percent (not including stock options in excess of $1 million).

More and more Americans now fear they will lose their job and the anchor it represents. Pensions are dangerously underfunded. G.M., for example, has an estimated $14 billion in unfunded pension liabilities this year. As a result, workers are increasingly expected to provide for their own retirement, sometimes with modest matching corporate contributions, often without. For millions of individuals who once had the expectation of lifetime employment and for communities with expectations of a secure economic base, what is disappearing is not just an income and lifestyle but trust in the corporation, a basic American
institution that for years provided security and a sense of self-worth and purpose for millions of people.

B. The Rise of Neo-Liberalism

The readily observed changes in the global economy have had profound implication for public policy, both nationally and locally. Governments have greatly diminished their commitment to improving the lot of all through public education, income supports to low income families, publicly financed health care (Medicare and Medicaid), environmental protection and other social programs. In the place of this New Deal/Great Society interventionism we are experiencing a two-pronged restructuring of the role of government under the aegis of Supply Side Economics or Neo-Liberalism: the first consists of tax cuts to the wealthy while the second calls for the removal of government from participation in economic and social affairs. The former has been designed to directly redistribute income upwards to the rich, while the latter is designed to implement wide-spread deregulation of industry. This has involved increased pressure for the elimination of: environmental safeguards, income equalization measures, social welfare/safety net legislation, and occupational health and safety standards. In addition, the latter strategy has also brought about a wave of privatization of public services, a kind of "non-investment/investment" strategy which gives otherwise reluctant corporations a stake in the local economy by selling off publicly financed services and infrastructure. According to the proponents of this minimalist government, there are only two main functions left for government to fill—a powerful military to protect corporate interests abroad, and a well-funded police and prison system to control unruly or criminal populations at home.

For Long Island, this "hand's off" approach to public policy has many drawbacks. Problems such as environmental degradation, job loss, high utility costs, inadequate transportation system, declining public health and many others, require more governmental intervention not less, and certainly not the total repudiation of progressive social policy that has recently dominated American and world politics.

Supply Side Economics, more appropriately called Neo-Liberalism, derives from the free market, or "liberal", economic theories of the early industrial revolution.
Those theories permitted widespread child labor, worker abuse, and broad-based and extreme exploitation of both human and natural resources. According to the laissez-faire principles of liberalism, the free market rights all wrongs and the voluntary generosity of the wealthy provides a "safety net" which will ensure the well-being of the poor.

The Neo-Liberal model serves as the basis for the theory of "Trickle Down" economics, or as George Bush once described it, "Voodoo Economics". Neo-Liberalism is now being implemented globally. Among developing nations the Neo-Liberal model finds its expression in what are known as Structural Adjustment Programs which are a prerequisite for development loans from the World Bank, financial aid from the International Monetary Fund and participation in the global market for investment capital. In the United States it has shifted from the disparaged title of "Trickle Down" economics and has currently blossomed under its new title "The Contract with America".

The Neo-Liberal model's most recent manifestation on an international scale has been the passage and implementation of NAFTA (The North American Free Trade Agreement) and the Uruguay Round of the GATT (The General Agreement on Tariffs and Trade) which ensure that barriers impeding a corporation's access to a country's workers and natural resources will be reduced or eliminated. In addition, GATT establishes a world forum, the World Trade Organization (WTO), which provides corporations with a closed door setting in which to argue the details of further de-regulation in front of un-elected judges in an unaccountable, non-democratic process to which the citizens of the world have no access.

Section Three: Critique of Orthodox Economic Theory and Business Practice

These issues, which pervade the globe, significantly affect the residents of Long Island. Long Island's weakened economy suffers from the dual pressure of having to rebuild in the face of downward pressure from the global market for labor, plus the devastating consequences of cutbacks in defense spending. The latter, in particular, has resulted in the direct loss of more than 30,000 local jobs and this unemployment has spread to other industries. The loss of regional income, along with structural problems of their own, has forced contraction in the banking, trade and real estate industries. Construction, which was tied to the commercial real
estate boom, has sharply reduced employment by a third since 1988. Then there are the multiplier effects on retailers, suppliers and even service industries as income declines. The result is the overall loss of about 100,000 jobs on Long Island since 1989.

There are many direct and indirect consequences of these developments. Nassau and Suffolk Counties have suffered extensive industrial pollution and the widespread use of toxic chemical pesticides. Nassau now has the highest incidence of breast cancer in the world. Child respiratory diseases are at alarmingly high levels. Mainstream scientists now predict that in the years to come Long Island’s beaches will continue to erode, due in part to the intensification of the greenhouse effect, a global result of the high consumption by industrialized countries, especially the United States, of coal, oil and wood, mainly from industrial production and the operation of cars. Algae currently chokes the waters of Long Island Sound, negatively impacting the fishing industry. Industrial and medical pollution washes up on local beaches. The population of Long Island continues to grow while social problems and poverty are becoming more and more pervasive. Nonetheless, the business, political, and media establishment calls for further expansion and growth, as more and more of the Island’s natural resources become paved over to make way for mega-malls, without adequate consideration given to the manner in which this will complicate and add to Long Island’s problems rather than solve them.

The truly mind-boggling question is why does Long Island, or any other region for that matter, continue to pursue economic development policies that caused the current problems and, we contend, will only succeed in making them worse. The answer is actually very simple. It is because that’s the way we have always done it and because that’s the way the experts tell us it must be done if we want to “grow the economy” and provide adequate jobs. It is perhaps not incidental that these policies are good for people who invest capital, though not necessarily for most of the people who live and work on Long Island.

It is essential to understand why the orthodox economic policies practiced by Neo-liberalism necessarily and inevitably create environmental degradation, community deterioration, and the continual erosion of the quality of life and living standards of most Americans. These failures fall into seven areas, to a brief consideration of which we now turn.
1. Scale.

Orthodox economic theory systematically fails to address the contradiction between an economy committed to unlimited growth situated within a planet that is essentially finite. The finite nature of natural resources and environmental sinks places inevitable and unavoidable limits on the capacity of the economy to continue to grow. If we remain indifferent to the issue of the scale of economic activity and its environmental impact, then at some point a growing scale will convert too many previously free goods into scarce goods. Conventional economists claim they deal with this through the market mechanism, which addresses the efficient allocation of resources. But market prices only achieve the optimal allocation of particular resources among competing uses within the selected scale of total resource throughput. Thus, if an expanding economy stresses the environment to such a degree that the price of unpolluted air or uncontaminated water no longer remains zero, the market will reflect this, and clean air and water will no longer be free. The ability of the market to reflect this is called efficiency.

Everyone understands that efficient allocation does not imply just distribution. Another less well recognized but quite analogous fact is that efficient allocation does not imply an optimal scale of the economy relative to the ecosystem. It does not even imply a scale that is ecologically sustainable.

A market economy must think in terms of two optima: scale as well as allocation. And the price system, which leads to an optimal allocation of a given resource, whatever its scale happens to be, does not lead to the optimal scale. Double the present scale or cut it in half and the price system will still give us an optimal allocation. But the issue of scale, meaning the stress placed on the environment, and how to prevent that stress, must be addressed in the same fashion that social justice issues need to be addressed. Thus, whereas issues of justice must not be considered in terms of economic efficiency but in terms of ethics, issues of scale must be addressed not in terms of economic efficiency but in terms of long-term ecological sustainability.

Those who want to rely on the market for allocation will only weaken their case if they expect the market also to solve the independent problems of distribution
and scale. These are a part of the community context that a market society must both presuppose and nurture. Scale and distribution are data required by the market to solve the allocation problem and are not themselves variables to be solved for by the market. Conventional economics misses this.

2. Environmental Consequences (or Externalities).

Non-sustainable economic activity creates external costs (externalities). These are costs which are not calculated in the market price of a good at the time of its production and distribution. These costs may be either direct and relatively immediate, or pervasive and long run. As an example of the latter, consider that twenty-five years from now, people will still be developing cancer from the Chernobyl nuclear accident, even at locations far removed from the location of the initial accident. With genetic effects, the consequences of this accident could be felt for centuries to come. Similarly, the cost of toxic waste dumps, acid rain and the intensification of the greenhouse effect will continue long into the future. Politicians who in the present call for the elimination of environmental controls and clean-ups (such as Superfund) on the grounds that the costs of these programs are too high and that the debt incurred is mortgaging the future are truly passing on the costs to future generations that will be forced to either pay for the clean up or abandon their communities (Love Canal). In short, non-sustainable economic development discounts the value which people today place on the welfare of people in the future (discounting). It does not reflect the value that those future people will place on their own welfare.

3. Discounting.

These future costs will also have to be accounted for in current decision-making. How do we compare present with future values? Conventional economics tries to do this through a process known as discounting. Discounting is done in the following way. If the cost of a toxic waste dump twenty years from now will be $100, then the present value of this is the amount of money I would invest today, at today’s interest rates, in order to earn that sum in twenty years. That cost is then added into the present price.

Discounting is a controversial practice, even among economists. But it is universally practiced. Among the problems discounting presents is that it assumes a stable discount rate. But it is also reflective of questionable assumptions.
concerning both value and fact. First of all, discounting represents the value which people today place on the welfare of people in the future. It does not reflect the value that those future people will place on their own welfare.

Discounting also considers all good things as equivalent to a sum of money in the bank. As a result, discounting can lead to the "economically rational" extinction of species, often viewed as the rational consequence of well-functioning markets. This occurs when the rate of growth of money in the bank is greater than the reproduction rate of an exploited species. What this means is that the extinction of species, or the devastation of forests, becomes economically rational if the interest income stream from money in the bank is higher than the income from natural resources. This has some very serious real world implications. For example, does the Federal Reserve Board worry about the effect on species extinction of interest rate changes when setting monetary policy? When higher interest rates require more exports from Brazil to meet payments on its debt, we can be sure that the rate of devastation of the Amazon Basin will accelerate. On Long Island, developers such as Wilbur Breslin discount the long term environmental impact of large scale developments on open land (Willy World) by comparing them to the short term gains for the developers (profit) and utilizers of the product (lower cost to purchase housing, increased mall access, etc.).

4. Myth of Free Trade

Just as we see that issues of optimal allocation regardless of scale and discounting of future value are deficient as a means to assure sustainability and are often potentially destructive, so too are several other growth and development policies. Among these is the theory of free trade based on comparative advantage. The problem, so conveniently overlooked by twentieth century advocates of free trade, is that the entire theory of comparative advantage, and thus the whole policy of free trade, presupposes that capital, or money, does not move freely across national boundaries. It is only when national boundaries play an important role (limiting capital and labor mobility) that the principle of comparative advantage replaces absolute advantage. Then it makes sense to promote policies which allow goods to move freely, thus allowing the comparative advantage one nation has over another in production to increase its wealth.
In today's world, national boundaries do not inhibit the flow of capital investment, but they do inhibit the flow of labor. The free flow of capital and goods (instead of goods only) means that investment is governed by absolute profitability and not by comparative advantage. The absence of a free flow of labor means that opportunities for employment decline for workers in the country in which investments are not being made.

The effect of free trade is to equalize prices of traded commodities within the free trade area, allowance being made for transport costs. (Tariffs have the same effect as an increase in transport costs, driving a wedge between prices in different countries and preventing complete equalization.) Thus the consequence of the free flow of capital has the same consequence as the free flow of labor would: the equalization of both wages and returns to capital. Labor can move to where the capital is and compete for the high-paying jobs, bidding down the high wages, or capital can move to where the cheap labor is and bid up the low-wage rate. What is wrong with equalizing wages? Of course wages in high-wage countries will fall, but wages in low-wage countries should rise correspondingly. The result is that the laboring class in the high-wage country would be sharing its wages and standard of living with the masses of Third World workers. But the vast number of laborers in the third world and their lack of elementary human and democratic rights means that most third world people do not even benefit from the driving down of wages in the advanced countries. Nevertheless, the capitalists in the high-wage country benefit from cheaper labor, first abroad, and then at home as well.

Following the pressures of the market and the advice of economists, communities and nations have been giving up their relative self-sufficiency, have specialized, and have entrusted themselves to the magic of the market. Increasingly, they must export to survive, for they can no longer feed themselves, and they cannot pay for food imports without exporting. Nor can they produce domestic commodities without imported inputs such as machinery and fertilizer. Their dependence upon the market is complete. They have little influence over the prices of their exports, which seem to them to be manipulated by international corporations. Free trade thus contributes to the global economic power of corporations that are controlled by no government.
Free trade in principle means unconstrained movement of capital and labor. (In present reality, it usually means only the free movement of capital, and the rather selective and controlled movement of labor.) Free mobility of either capital or labor has the same consequence: equalization of both wages and returns to capital. Those who advocate free trade and free capital mobility are simultaneously advocating equalization of wages.

As early as 1933 the great economist John Maynard Keynes had clearly come to recognize the conflict between community and free trade, and had become "doubtful whether the economic cost of self-sufficiency is great enough to outweigh the other advantages of gradually bringing the producer and consumer within the ambit of the same national, economic, and financial organization." (See Appendix D: Free Trade, for a more extended analysis.)

5. **Destruction of Community**

Modern free trade thus implies an enormous breach of community. For example, U.S. capitalists are, in effect, telling U.S. workers that they have to compete against the poor masses in the overpopulated Third World countries such as Mexico or Brazil. No longer will U.S. workers have the advantage of superior technology or management because those attributes move with capital. Furthermore, an enormous reservoir of cheap labor in India and China, almost half the world's population, has previously not competed in the world labor market, and is about to enter. Equalization of wages means that U.S. and European and Japanese wages fall to the Third World level, while the Third World wage-levels rise hardly at all. Meanwhile, local communities become beggars for investment. Lacking any significant control over their economic destiny, they are increasingly pressured to weaken environmental and health and safety regulations, lower job and income standards, reduce income tax progressivity, and lessen social and human services in the vain effort to keep jobs by providing a "favorable climate for business."

Somewhat analogous to the tendency of the market to erode its own competitive foundations (by rewarding corporate takeovers and consolidation leading to the creation of monopolies) is the corrosive effect of individualistic self-interest on the containing moral context of the community. However much driven by self-interest, the market still depends absolutely on a community that shares such
values as honesty, freedom, initiative, thrift, and other virtues whose authority will not long withstand the reduction to the level of personal tastes that is explicit in the individualistic philosophy of value on which modern economic theory is based. If all value derives only from satisfaction of individual wants, then there is nothing left over on the basis of which self-interested individualistic want satisfaction can be restrained. Depletion of moral capital may be more costly than depletion of physical capital, as Fred Hirsch has argued in The Social Limits to Growth (1976). The market does not accumulate moral capital, it depletes it. Consequently, the market depends on the community to regenerate moral capital, just as it depends on the biosphere to regenerate natural capital.

Professor Thomas Power, in his book The Economic Pursuit of Quality, shows that even in the commercial sector of the economy, what we really purchase is quality, not quantity. Beyond a rather low level of income we do not spend our money mainly for pounds or calories of food, but for taste, nourishment, variety, and so forth. Likewise our clothing budget is not spent on homogeneous body covering, but for qualitatively distinctive and stylish clothes. Many important qualities are supplied outside the commercial economy, such as clean air, scenic beauty, safety, and a sense of community. It is the sum of commercial and noncommercial qualities that accounts for total economic welfare. Of course these qualities are not independent of physical dimensions, but neither can they be reduced to physical dimensions alone. Economic development is the increase in the sum of marketed and nonmarketed qualities available to individuals in the local community, as summarized in the following formula:

\[
\text{Total real income to individual} = \frac{\text{Locally available wages} + \text{Local cost of living}}{\text{Value of nonmarketed locally available qualities of environment}}
\]

For some reason, however, the economic base model is nearly always used to support an export-based development policy. The real economic base of a community is not exports, but rather, "consists of all those things that make it an attractive place to live, work, or to do business. That means the economic base includes the quality of the natural environment, the richness of the local culture, the security and stability of the community, the quality of the public services and
the public works infrastructure, and the quality of the workforce. None of these things are produced by the commercial economy or produced for export" (p. 127)

Power correctly criticizes a number of self-defeating strategies of quantitative economic growth, such as increasing the volume of business activity (sales volume); increasing income: increasing the number of jobs; or increasing the total population. None of these quantitative indices measures real development. Development policy should concentrate on things people really want rather than on some abstract description of the economic process. What do people really want? Power offers the following list of goals for local development policy: (1) the availability of satisfying and useful work for members of the community; (2) security for members of the community in access to biological and social necessities; (3) stability in the community; (4) access to the qualities that make life varied, stimulating, and satisfying; and (5) a thriving, vital community.

6. Decline of standards

A high living standard is not the only good thing that depends on community. Once community is devalued in the name of free trade there will be a generalized competing away of community standards. Social security, medicare and unemployment benefits all raise the cost of production just like high wages, and they too cannot survive a general standards lowering competition. Likewise, the environmental protection and conservation standards of the community also raise costs of production and will be competed down to the level that rules in overpopulated and undemocratic poorer countries. Free trade and free capital mobility have exactly the same consequences for wages and community standards, but are widely advocated in the false belief that comparative advantage guarantees mutual benefit.

7. Degradation of Land

Finally, a critique of the principles underlying the non-sustainable economy would not be complete without a discussion of land. Land is, after all, the basis for all production and the source of natural resources. In the mainstream economy the commodification of land by individuals results in unsustainable practices. At present a vast amount of capital investment is in land. This is partly for present use of land but partly also for expectation of appreciations. Often this speculative element is the dominant factor. Land is bought and held by speculators in
anticipation of an increased value for their asset. Added to this is the fact that new
collection on land, and improvements to existing construction which benefit the
community, result in higher taxes for the owner. This adds to the incentive to hold
land merely for speculative purposes.

The economist Henry George believed that all the ills of the economy followed
from the commodification of land and could be eliminated by its abolition. The
feasibility of this is a much larger question. But George did put forth a proposal that
land should be taxed near its rental value. Essentially, George defined rental value
as the unearned income from the land. Thus, he did not propose a tax on the
products of human toil on the land or the capital which these efforts generated.
Rather, he proposed taxing the increased value of land arising from development
pressures. For instance, social changes, such as the extension of a city that makes
nearby land rise many-fold in price, inspires speculation. This absorbs capital that
should be productively invested and keeps from use land that should be
contributing to the community. It is the unearned profits on land, resulting from
social changes, that George would appropriate for the community as a whole.

Many urban communities today want to establish agricultural zones interspersed
with residential areas. The Georgian tax in itself would not lead to that. This is a
matter of zoning rather than taxing. Nevertheless, the Georgian tax would remove
much of the pressure against this zoning. Farmers near cities today can sell their
farms to developers at huge profits; they therefore resist zoning that forbids them to
do so. On the other hand, in a situation in which private profits on land sales
would tend to zero, farmers would have no reason to oppose zoning that kept taxes
on agricultural lands appropriate to the profits that can be realized from farming.

Although the logic of taxing away unearned income on land is often
acknowledged, and in Australia and New Zealand it has influenced the tax
structure, little application has been made of this principle in the United States.
Recently, however, a model law encouraging this tax reform has been drawn up by
the American Legislative Exchange Council and published in the 1987 - 1988 Source
repeatedly editorialized in favor of this approach. And several cities, including
Pittsburgh, have put it into effect with impressive results.
8. In Summation

The classical economist Lauderdale made a critical distinction between "public wealth" and "private riches." Public wealth "consists of all that man desires, as useful or delightful to him." Private riches "consists of all that man desires that is useful or delightful to him, which exists in a degree of scarcity." Scarcity is necessary for an item to have exchange value or price. Use value is a sufficient condition for something to be classed as public wealth, but not as private riches. The latter requires exchange value as well. Lauderdale called attention to the paradox that private riches could expand while public wealth declined simply because formerly abundant objects with great use value but no exchange value became scarce, and thereby acquired exchange value and were henceforth counted as riches. Although scarcity is a necessary condition of exchange value, "the common sense of mankind would revolt at a proposal for augmenting wealth by creating a scarcity of any good generally useful and necessary to man." In the Garden of Eden, for example, private riches would be zero but public wealth would be very great. As the Garden gets crowded and previously free goods become scarce, we witness an increase in riches and perversely celebrate, while not noticing the decline in public wealth. Or consider a recent local phenomena, the growth in the use of bottled water. What was once an essentially free, naturally occurring resource constantly replenished, namely our underground water supply, is becoming increasingly contaminated. How strange that such contamination gives rise to an industry whose production and sale of bottled water — for which we must now pay for what was once free — is treated by economists as an increase in our gross national product — which is supposed to measure an increase in our standard of living.

We might summarize our discussion so far by noting that the policies following from present theory work in three interrelated ways. The commitment to profit maximization, with prices not including social and ecological costs, leads to unsustainable use of the land. The commitment to quantitative growth instead of qualitative and sustainable development over taxes the carrying capacity of a region, undermining its viability. The commitment to free trade drives down standards and destroys communities.

Thus a healthy community will be a relatively self-sufficient one. A community's complete dependency on outsiders for its mere survival weakens it.
is often unable to develop the policies it desires for the sake of its own members, since its survival depends on terms dictated by others.

Meanwhile a region that is economically dependent on centers of power outside it, even if these centers are within the nation, often takes on characteristics of a colony. It cannot control its internal economic life, and sometimes it cannot take care of its residents. Presently dominant economic theory encourages such regions to intensify specializations for export. But even if in this way more profits are earned, the region accentuates its dependence on external centers.

Section Four: Creating A Sustainable Long Island

The alternative to business as usual is ecologically sustainable economic development. Sustainability rests on four pillars: ecology, economy, democracy, and community. These pillars require that we do not base public policy and social well being primarily on the expansion of financial assets, but rather promote policies that conserve natural capital (including biodiversity), value unpaid labor, and enhance public health and general community well being, many of which values cannot be easily reduced to a financial calculus.

Sustainable development rests on the premise that it is necessary to preserve and replenish rather than deplete the resource base which supports human, plant and animal life. Traditional measures of growth, based on increases in industrial output, finding the most immediately profitable use of resources such as land, water, air and other raw materials, and shifting responsibility for the degradation of the environment away from the developer and onto the public or future generations cannot for long be appropriate measures of increased value. Thus, sustainability redefines the concepts of economic growth, economic development and economic wealth away from the gains of a handful of leading individuals and towards the benefit of the entire community over an extended period of time.

In general terms this means that we must set out to build an economy which is democratically controlled, in which power relationships are structured along more egalitarian lines, and in which efficiency is not just a way to shift costs onto the public. The starting point for this process is a new way of thinking, away from the success of the enterprise and towards the success of the community. It implies
abandonment, at least in part, of so-called "rugged individualism" and an acceptance that the actions of one individual or business have profound consequences on many others. Although at many levels of society we willingly accept the concept of cooperation and restriction of individual right as the norm (for example in the area of traffic control), the extension of this concept to economic development and resource use or consumption is often strongly resisted.

Sustainable economics recognizes that Long Island has limited resources, and that the size and scope of economic activity must be controlled. As an example, if we examine the economic consequences of land and water development on Long Island's North Shore and Coastal Connecticut, we readily see that overdevelopment has negatively affected the ability of the Sound to continue to support the existing fishing industry and recreational fishing. The extent of utilization of this finite resource is in excess of the ability of the Sound to replenish itself (its carrying capacity). For fishing to flourish as industry or recreation, the scale of other activities and of fishing itself must be restricted to what can be sustained. In other words, in order to have fishing over time, we need now to have less fishing, less boating, and less runoff from land. Mainstream economics, in ignoring or quantifying the implications of scale as externalities that may or may not affect some future bottom line, is incapable of correcting the problem. Despite claims to the contrary, the market will not efficiently address the issue by itself. Government intervention is necessary because the market by itself cannot insure that the preferences of the local community will prevail over those of corporations and developers, especially when the latter are often willing to sacrifice the quality of local life for their own, often distant, bottom-line interests.

Sustainable economics also eschews the practice of discounting in order to account for issues of social welfare. Sustainable economics says that all costs including reasonable projections for the future must be incorporated into the economics of development. Thus in the previous example, Wilbur Breslin should incorporate into his development plan the cost to the community over time of increased waste, increased runoff and sewage, the loss of open space, the transformation in the quality of life, the problems of population density, increased air pollution due to additional automobile traffic, the implications for existing housing stock and retail/commercial development of nearby downtowns and so on. These costs should not be shunted off onto the typically limited environmental
review but incorporated directly into the price of the project. This is the only guaranteed way in which the interests of the community can be safeguarded.

Sustainability requires that we replace so-called "free trade" with "Fair Trade", in which tariffs and other barriers prevent unfair competition from undemocratic, low wage, low standards societies that would undercut the hard-earned standard of living of most Americans. For free trade today means the ability of producers, mostly large corporations, to make their products and services anywhere in the world, but most particularly in the low cost areas (generally meaning low-wage, low environmental and workplace regulation) and to sell them to high income areas such as Long Island. This pattern makes it harder for local producers to garner the financing needed to develop their own products, even when those products are meant to be marketed locally, thereby reinvesting in our community. For people on Long Island, who depend upon the local job market for their employment, over time free trade has come to mean the lack of opportunity for high wage work, income insecurity, and ultimately the inability to economically survive in our own community.

At the same time as more local residents are struggling to make ends meet, the greatest promise of free trade, income equalization is not occurring. Free trade advocates have claimed that the shift of production to low cost areas should, in a short time, cause the costs in those areas, especially wage costs to increase. Yet, the experience in Mexico, Latin America, the Caribbean, Asia, and even parts of Europe is that much of the time, wages fall as production increases. The reason for this is fairly straightforward. Theorists who believe wages will rise in low cost regions have ignored two critical factors. The first is that unemployment and underemployment in most of the targeted low cost areas is in the range of 30 to 50%. Even reducing that percentage by half is not sufficient to put upward pressure on the incomes of typical residents (often as little as $1 per day), although the influx of investment capital may enrich a handful of local manufacturers, landowners and government officials.

Second, most of this investment is located in political jurisdictions where labor organizing is severely repressed. Countries in Latin America, Asia and the Caribbean have horrific human rights records, especially in free trade zones, where union organizers are routinely persecuted and often murdered. In addition to
routine human rights abuses, rampant use of child labor, unsafe working conditions, absence of environmental controls, are the norm. All are destructive, not only of the local community where they exist, but of the global economy.

Advances in technology, especially communications, has meant that even high-skill jobs, once thought safe from loss to foreign workforces are increasingly disappearing from places like Long Island, and going overseas to countries such as India or Malaysia where there are well-educated, yet low wage workers available.

The loss of job and investment opportunities in communities such as Long Island has brought about a significant loss of local control over their economic destiny. We find ourselves increasingly pressured to weaken environmental and health and safety regulations, eliminate zoning restrictions, lower job and income standards, reduce income tax progressivity, and lessen social and human services in the vain effort to keep jobs by providing a "favorable climate for business." It is not just outsiders that ask us to make these sacrifices as a condition for investment, but local employers and workers desperate to remain part of the community. These consequences of free trade policies must be combated in order to give a sustainable alternative economy a chance to flourish on Long Island.

Sustainability on Long Island, therefore, must be addressed in the context of the forces that drive the larger global economy. Despite these complications, however, we have little choice but to begin the process of transforming Long Island so that it can remain, and in some ways become again, a viable and healthy community.

We must address the issues of optimal scale, quantitative limits and safe minimum standards, limits to free trade which restores comparative advantage and the de-commodification of land. But addressing these issues cannot be left to individualistic measures. There is no Invisible Hand leading individuals motivated by self-interest toward the social good of an optimal scale. Adam Smith's Invisible Hand operated in the context of and with the presumption of already existing communal values such as compassion, religious and ethical restraints on exploitation of people and the environment. These communal, or humanistic, values have been eclipsed today by the promotion of commercial values as representing the only rational motivation for economic behavior. It is thus difficult to make the case for the positive role that government must play if the community is to redirect itself upon the path of sustainable development --
difficult but necessary! The short-term improvement and long-term viability of our economy and standard of living requires developing a more holistic and locally self-reliant, rather than strictly commercial perspective.

What follows, therefore, is the difficult but vital effort to redirect public policy on Long Island in the direction of sustainable development and away from further degradation. The qualities which made Long Island such an appealing and beautiful place to live in the early post World War II period must be recognized, conserved and re-developed to the greatest extent possible. With that goal in mind, and in order to provide a basis for a broad-based public policy debate, "Long Island 2020" provides both general principles and some very precise policy proposals. The document in some cases also offers broad suggestions descriptive of how a process of sustainable policy making should proceed. "Long Island 2020 offers a vision of the future which is sustainable and is achievable, and the beginnings of a practical action plan to make it real. We invite your response.
PART TWO

LAND USE

Section One: Zoning and Development

Perhaps the single greatest restriction on the future of Long Island is the land itself. Although the fate of every parcel has not yet been sealed, in the very short period following the Second World War, the feverish pace of development has radically altered the landscape. In these few decades, we have gone from a stage of relative undevelopment to one of mature development, and even overdevelopment. We have seen agricultural lands disappear, along with the region's forests, open spaces, and coastal fisheries. On top of these losses, formerly healthy downtown commercial centers have been replaced by strip and regional malls. Even in these newer retail sites, vacancy rates are alarmingly high.

Long Island has not yet reached the point of no return, but it could if drastic steps are not taken to redirect our land use policies. Right now, downtown commercial districts, agricultural lands, fisheries and other important indicators of Long Island's health continue to suggest that existing land use regulations and enforcement measures need to be strengthened. At the heart of the problem is the issue of zoning – the primary means for regulation of land use.

Zoning on Long Island is primarily controlled by the smallest pertinent local jurisdiction, such as village or town. This kind of zoning has a checkered history. For many years, locally based zoning primarily benefitted real estate developers and local factory owners and merchants who were economically powerful enough to dictate land use within each small jurisdiction. Thus a manufacturer such as the Grucci fireworks company could operate an explosives' factory for many years within a community of homeowners and small businesses. Perhaps the most egregious example of local zoning abuse was the siting of the LILCO nuclear power plant in Shoreham. LILCO effectively bribed the local communities of Shoreham and Wading River and the Town of Brookhaven with a hefty tax payment in exchange for the right to build its plant. More recently, however, as the residents of communities grew concerned about the rapid development taking place around
them, they formed organizations (civic associations) and expanded constituencies
determined to take over control of development within their community.
Proponents of development have decried this as NIMBYism, but some
communities have been able to slow down or stop development projects that they
feared would seriously threaten their quality of life. The most successful of these
endeavors tended to be in wealthy communities where residents had the resources,
for example, to stop the bridge to Connecticut, or to force the Shoreham plant out of
Lloyd Harbor. More recently, such communities have taken on large corporations
such as Canon or Olympus, and have even shown a willingness to pay higher local
taxes in order to preserve the qualities of their communities.

Other communities, however, have had less success. For instance, Westbury has
not been able to adequately limit retail development on Old Country Road and
Roosevelt Field. As a result, there are enormous air quality, traffic and crime
problems that cannot be controlled locally. Generally speaking, poorer
communities remain subject to developer and corporate control over their zoning
either because they are not well organized or because these communities
desperately need the jobs and taxes provided by large businesses. Even wealthy
communities may find themselves unable to resist large developers and
retail/commercial operators who threaten legal action if they are not permitted to
complete their projects.

Locally controlled zoning presents other problems as well. There are times when
projects that would benefit the entire Long Island community are rejected because
of local opposition. Group homes for the emotionally or intellectually disabled
almost always encounter vigorous community opposition. Others involve
unreasonable prohibitions on development and expansion of relatively benign
projects because of a minor impact on a small number of households. One does not
have to be a proponent of totally unrestricted development to see that NIMBYism
is a factor in some zoning decisions.

Fundamentally, the problem with locally controlled zoning, however, is that is
actually undemocratic. The reason for this is quite simple. Zoning control is
determined by the geographic location or siting of the project. Once we get beyond
the scale of zoning decisions related to mundane issues such as roof raising or
adding on a deck, the impact of many development projects are not limited to the
community that has complete zoning authority. Thus, Brookhaven Town's
decision to permit LILCO to construct the Shoreham plant could not be vetoed by
Smithtown, Riverhead, or other nearby communities that would be affected by a
nuclear accident. In general, developers can whipsaw local zoning boards by
threatening to move their proposed project to a site in a neighboring community if
approval is not given. Then, all the negatives such as excessive traffic, pollution,
crime and others may still affect the community that rejects the project, but none of
the tax and other mitigating benefits will accrue to it. In cases of retail development,
uncooperative zoning boards may see their downtown shopping districts wiped out
by the Wal-Mart or K-Mart located one village away. In essence, local zoning
operates from an unwarranted assumption – that the zoning decisions of the local
jurisdiction only impact upon the community where the project is to be sited.

Many land use decisions, especially those involving highway construction suffer
from similar problems. The Long Island Expressway has a stretch of roadway in Old
Westbury with no road lighting as a concession to the Old Westbury community.
On rainy, foggy nights, however, the lack of lights on the road makes it extremely
hazardous to drivers. At the same time, road widening plans on the LIE or the
Northern State are not subject to local control, so residents of affected communities
are virtually powerless to stop the state from interfering with their lives during the
construction period and afterwards.

Thus locally controlled zoning fails for four reasons — many projects are out of
control of the local board, the cost of opposing unwanted projects is increasing
unsupportable, some beneficial projects can be blocked for provincial reasons, and
zoning decisions that impact on many communities are made undemocratically by
the board where the project is sited.

In recognition of these problems, efforts have been made here and elsewhere to
modify zoning practices. There are two primary components to successful zoning --
the establishment of a land use plan for the entire region, and the implementation
of truly democratic zoning decision-making bodies for individual projects. On Long
Island, a recent positive example of land use redirection can be found in the Pine
Barrens agreement. Though some developers are unhappy with the agreement,
and some environmentalists and conservationists feel that it does not go far
enough in protecting the Pine Barrens, the settlement contains both components of
successful zoning, a plan for land use, and the participation as equals of all affected communities in the agreement. The traditional pattern of developers approaching each affected community individually and cutting their best deal, regardless of the impact on other communities was ended. One need only compare the Pine Barrens agreement with the retail explosion in the Roosevelt Field/Old Country Road area to see the difference between planned democratic and unplanned non-democratic land use decisions.

We need to develop a comprehensive land use plan for the region with the force of law that focusses on preservation and sustainable development. Such a plan must set limits on different types of use and equitably distribute siting within communities. It will have to be able to mediate disputes between communities and insure that development plans are in the interest of the entire region. To this end we propose the establishment of a Long Island Commission on Sustainable Development – with structure and powers to be modeled on the Cape Cod Commission. This commission would have several functions including: creating a public information and education campaign about the need to change the direction of development on Long Island from speculation and individual profit to sustainability and public progress; establishing a set of regulations for future development; assisting in the transition to regional zoning; developing the financing for cluster developments; mediating disputes over development; and finally, and most importantly, for projects of any significant size, reviewing the environmental sustainability of the proposed development before allowing it to proceed. (See Appendix E: Cape Cod Commission, for mission and guidelines.)

Zoning and tax policy (see below) are the key mechanisms to gradually correcting the land abuses of the past and present. It’s crucial, however, to determine what can and should be accomplished. Long Island must chart a new path in land use, a path which values the long-term vitality of the land and establishes as its first priority maximizing a high quality of public life. To this end, we have a number of major goals. These include a rebirth of downtown areas as residential and commercial centers; significant expansion of open space for recreational, environmental, and agricultural use; restoration and protection of shorelines, coastal areas, and our major bodies of water; maintenance of a wide mix of land uses including industrial, research and educational, residential, commercial, retail, and recreational – all in
environmentally appropriate settings — with, where possible, the gradual de-
suburbanization of land.

Section Two: Land Speculation

To these ends, we need to put an end to destructive land speculation. For
example, Robins Island is the largest uninhabited island on the east coast. In the
early 1970s the island's 435 acres were offered to Suffolk County for $1.2 million.
That deal was never consummated, but the island was sold in 1993 to a Wall St.
financier for $11 million. The increasing scarcity of land makes it a valuable
commodity. Land speculation is big business. It requires some luck and access to
capital, but not much skill. Yet we reward land speculators with windfall gains.
What's wrong with this? Land prices now make up 30-40% of housing costs,
making housing a costly component of household expenditures.

In the 1870s, Henry George argued that speculative gains from land should be
taxed. George's land tax has particular value for Long Island. Property taxes on
Long Island are about twice the national average. Property taxes suffer from many
problems. Nassau county is under court order to change its practice of assessing
property values at 1938 construction costs. Property taxes often assess land and
improvements at different rates, with improvements assessed at a higher rate than
land. The result is unnecessary sprawl since consuming more land is cheaper than
building higher-density buildings. Henry George recognized this basic injustice and
recommended that taxation rates focus upon land, not improvements to land.

Some regions have begun experimenting with land tax systems that discourage
speculation. Australia, New Zealand and Pennsylvania cities, like Pittsburgh, have
all reported favorable results from such efforts. We must explore strategies for
replacing our present property tax system in whole or in part with a land tax.

Section Three: Transportation and Land Use

Long Islanders rely heavily upon automobiles for their daily transportation. As a
result, transportation costs represent a significant share of household expenditures.
While many Long Islanders enjoy their automobiles, no one pays the full costs of
driving. The full cost of driving includes the environmental effects of processing
crude oil into gasoline and ultimately burning that gasoline. Environmental effects range from degraded local air and water quality to global warming problems. The full costs of driving also does not reflect the construction and maintenance costs of roads and the final disposal costs of junked vehicles. We pay for some of these costs through taxes, but those payments are not directly dependent upon our actual driving behavior. Whether we drive more or less as individuals, we pay the same taxes. Driving also includes congestion costs associated with sitting in traffic. Then there are the accidents — the damaged vehicles, broken bones and lost lives. Insurance rates force people to pay some of the costs associated with accidents, but not all costs — especially the emotional costs. Finally there are important international considerations. Our dependence upon foreign oil leaves our society extremely vulnerable to foreign supply disruptions and forces us to intervene militarily to protect our access to petroleum.

The social costs of public transportation are significantly less than automobiles. But suburban sprawl has dramatically reduced the efficiency of public transportation. Public transportation works best when populations are concentrated on fixed routes and not spread out evenly across the landscape. As land use patterns sprawl out across the landscape, fewer people rely upon public transit. We must break this negative cycle and replace it with policies which encourage increased population density in community centers and increased support for public transit. There is a strong relationship between transportation and land use. We must make that relationship work for a sustainable Long Island not a degraded wasteland.

Section Four: Principles of Land Development

Central to any program for the ecologically sound and sustainable economic development of the entire Island therefore is the effective control of land use. In keeping with our critique in the first part of this document, we are calling for reforming the system of land use and land development in such a way so as to place the emphasis on regulating the scale of development and doing away with the commodification of land as a speculative investment instrument. These two issues, which go hand in hand, touch on every aspect of land use on Long Island. Land is an increasingly scarce resource. By relying on a market based price system which rewards speculation based profit, we efficiently allocate land to the highest
bidder, therefore eliminating many other bidders from the process. As fewer and fewer participants in the market are wealthy enough to purchase land, the rest of society becomes dependent on the decisions of these handful of individuals concerning what their livelihood from this irreplaceable economic resource will be. We reject the ability of an individual to purchase land and remove it from productive use, based simply on their desire to see the price of the land rise. By disabling the productive use of the land, the speculator in effect forces the price of the land to rise by creating a scarce commodity while the economy of the region suffers since the land is unavailable as an economic resource. This is undemocratic and denies the rest of the community their right to economic self-determination.

There is frequently a concern raised that land preserved as open space will cost the public money in terms of foregone taxes due to the land either being assessed at lower rates or removed from the tax rolls entirely. However, study after study indicates that the opposite is true. The consensus emerging from these studies shows that undeveloped land costs a town less than residential properties do. In fact, one such study indicates that for the Northeast the median ratio of dollars generated by residential development to services required was $1 to $1.13. The median ratio for farm, forest and open land was $1 to .29 cents. This point is supported by another report on the effects of development and land conservation on property taxes in Connecticut. This survey concludes that the cost of development often exceeds the cost of preserving land in open spaces. The services required as a result of development often exceed the capacity of property taxes to supply that revenue. Since we are proposing the replacement of real estate taxes with a combination of income taxes and land rents (see below), we believe that the costs of maintaining open space under our plan will be even less than these studies indicate.

Our position is that there is a not only a normative imperative for preserving land from speculation, i.e. that more open space is preferable, but an economic imperative as well. By controlling the scale of real estate development rather than the allocation of land as a resource we will preserve a mixed agricultural and manufacturing economic base for Long Island, thus minimizing the density of population and the pressures that such growth inevitably places on the Island's fragile ecology. Such a sustainable vision would incorporate the following general principles:
1. Stabilize the human population, through discouraging further mass development, and its requirements for land and resources.

2. Balance the rights of landowners with their responsibilities to their neighbors, their community, society, other species and nature — and to future generations.

3. Foster compact development in ecologically suitable areas — preserving and renovating existing hamlets and villages, focusing development on existing infrastructure, facilitating the use of public transportation, conserving energy, and reducing land requirements.

4. Preserve and enhance the quality of Long Island's surface waters, groundwater and associated marine waters through strict non-degradation policies.

5. Provide recreational access to public lands and waters where this is consistent with conservation goals.

6. Use strategies that maximize benefits and minimize costs. Internalize economic and ecological costs, so that the market makes good decisions. Eliminate incentives that encourage practices which are unsuitable from an ecologic and/or economic perspective.

7. Develop innovative and effective mechanisms for reserving land from outright purchase, including purchase or transfer of development rights or condemnation.

8. Reserve from human use enough land in suitable configurations to ensure that populations of all native species have adequate, high-quality habitat for long-term viability. In developing habitat reserves, the following will be crucial:

   a. Include examples of each habitat type at each of its developmental stages;

   b. Focus on reserving large areas and minimizing habitat fragmentation;
c. Focus on maximizing habitat connectivity by preserving and establishing corridors between habitat reserves;

d. Establish effective buffer zones between the habitat reserve network – comprising habitat reserves and interconnecting corridors – and areas that are used intensively by people. Buffer zones, which can be open to light recreational use, increase the ecological value of the reserved lands.

Section Five: Proposals for Land Development

1. Institute an immediate freeze on developments that fragment the remaining Pine Barrens and other large natural areas on Long Island until the long term impacts of development in these areas is established.

2. Undertake a comprehensive ecological and economic analysis of Long Island. Identify areas where protection would most effectively maintain biodiversity, and areas that are most suitable for further development.

3. Design a Greater Long Island Bioreserve, a regional reserve network that will ensure that populations of all native species have adequate, high-quality habitat to be long-term viable. Conceptually, such a network would include the central Pine Barrens, stream corridors extending to the Sound and the Bays, and coastal areas with intact wetland-upland transitions.

4. Revitalize existing communities in ways that are ecologically, culturally and economically sound.

5. Limit development on the East End to used properties.

6. Recycle the 16-20% unsold commercial vacancies before building on new sites.

7. Eliminate new construction inside half mile from mean high tide on beachfronts.

8. Upzone all nine strategic groundwater protection areas to a minimum 5-acre zoning and insist upon cluster zoning in each area.
9. Create a Long Island Commission on Sustainable Development. The functions of this Commission as outlined above would include: creating a public information and education campaign about the need to change the direction of development on Long Island from speculation and individual profit to sustainability and public progress; establishing a set of regulations for future development; assisting in the transition to regional zoning; developing the financing for cluster developments; mediating disputes over development; and finally, and most importantly, for projects of any significant size, reviewing the environmental sustainability of the proposed development before allowing it to proceed.

10. In an effort to dissuade speculation in real estate, explore, with the intention to implement, a system of land taxation which taxes the land rather than the improvements on it.

Section Six: Affordable Housing

1. Introduction

The background of Long Island’s problems surrounding affordable housing start with the post WW-II period of suburban development. During the 50’s and 60’s Long Island’s farm land was carved up for housing development. Town planning boards approved much upscale single family development. This had the effect of squeezing out low income and minority families who were living on the farm land or nearby underdeveloped areas. The denial of multi-family zoning has been, in effect, exclusionary and has forced low income families into concentrated and relatively segregated areas. In Huntington, for example, 67% of the black population is concentrated on just six out of 48 census tracts.

Exclusionary zoning has been exacerbated in more recent years with 1/4 and 1/2 acre, single family zoning upgraded to one and two acre. When the land cost is $125,000 for a building plot, it is impossible to build an affordable home, resulting in further racial and economic segregation in most towns on Long Island.

The creation of racially and economically segregated housing on Long Island has a basis in housing policies of other types as well. For example, in 1947, each
Levittown home had a deed covenant that specified that "No dwelling shall be used or occupied except by members of the Caucasian race." In 1947, the U.S. Federal Housing Administration had no problem -- moral, legal or otherwise -- financing all white housing. Newsday of 1947 supported these racist deed restrictions whose legacy is a rigidly segregated suburban island. Today, thankfully, such restrictions are illegal.

While few would mourn the passing of government-sanctioned racist policies, some grieve the passing of the "Father Knows Best" nuclear family of the Levitt era. Nevertheless, today's Long Island household is smaller and more likely to be headed by a working woman than at any time before. For example, at a recent Hampton Bays meeting (August, 1995), a resident, complaining about the fact that low-income housing needs are met in Southampton Town by unfairly "dumping" in his community, announced that fifty percent of the population in Hampton Bays are single people, single parents or the elderly!

Finally, building small homes side by side on relatively large, isolated tracts would just worsen Long Island's problems, from sprawl to illegal apartments to overcrowded highways to out-of-control real estate taxes.

2. Principles

A. Revitalize Existing Centers

Instead of looking to create new Levittowns, we should continue to revitalize Long Island's many blighted low-income neighborhoods and economically depressed downtown areas. Islip town took the blighted neighborhood of Carlton Park in Central Islip for example, and transformed it into a racially and economically integrated community of 370 owned and rented, rehabilitated and newly constructed affordable homes. What was once a dangerous slum is now a beautiful community called College Woods.

College Woods never would have occurred if New York State had not designated it and the surrounding area as the Island's first and only economic-development zone, with authority to offer commercial and residential tax abatements. Banks had to be flexible in financing homes and businesses. And the Central Islip Civic
Council, a neighborhood-based community development corporation, worked from the ground up to improve its own area. Even with all these committed forces, the revitalization took eight years.

B. Develop More And Innovative Rental Units

When improving any community, rental housing must be included. Although it is true that home ownership anchors neighborhoods and that rentals owned by absentee landlords cause much of the blight in downtown neighborhoods, no region with as large a population as Long Island’s can endure without rentals. The failure to provide affordable apartments has driven many people off Long Island and created an estimated 90,000 to 100,000 illegal apartments in one-family homes. These clog neighborhoods not prepared to handle them with demands for services. And the apartment shortage has driven rents sky-high.

3. Proposals

We support actions such as New York State’s designations of North Bellport as the Island’s second economic-development zone. The Long Island Housing Partnership plans to offer single-family homes there, all with three bedrooms and 1,300 square feet of living space, which will sell for between $28,000 and $40,000. Targeted tax abatements would help stimulate the economic development that is essential if a vital neighborhood is to develop. But, unlike in 1947, the homes themselves are not enough.

Legal, owner-occupied two family homes provide one solution to the shortage of affordable rental housing. The homeowner would be present to maintain the property and would benefit from the rental income. These duplexes could be built in deteriorated downtown areas. Dense, two-family housing would be close to rail and bus routes. Once vital commercial strips could become boulevards of houses, stores and shops.

Additional proposals to address Long Island’s affordable housing needs include the following:
1. Local governments must be willing to adjust building and zoning codes. The Long Island Housing Partnership, because of Babylon Town's adaptability, was able to build seventy-two 970 square foot homes on nine acres in North Amityville selling for $58,584. Because of the low price, 47 of the homes were bought by unmarried women, 28 of them mothers.

2. Long Islanders – both governmental officials and the general public – must realize that smaller homes and higher densities do not mean that Queens and Brooklyn are coming to Nassau and Suffolk. It is possible to cluster smaller homes and preserve beautiful spaces.

3. The federal government must return to encouraging home mortgage assistance of the sort it provided for Levittown under the GI Bill. A state program, the Affordable Home Ownership Development Program, has created more than 1,300 Long Island homes, purchased by young families.

4. Fair housing must come to Long Island. Many new immigrants are ready to buy homes and make housing-related purchases that would stimulate our economy and neighborhoods. We must not allow racial fears to destroy neighborhoods.

5. The private and public sectors must encourage and assist community-based development corporations. These grass-roots groups can do all sorts of impressive things: construct, improve and maintain affordable housing; operate commercial establishments; deliver day care, health care, job training and other services.

6. Finally, every effort must be made to explore, develop, and initiate community-based, non-profit housing programs – including land trusts – by which affordable housing can be kept permanently low cost by being insulated from the housing market. Until and unless a Henry George-like land tax can remove the speculative profit from the housing market, affordable housing will always be in very short supply if we cannot develop ways of producing housing that remains affordable. If non-profits produce housing that is sold to buyers on the condition that all speculative profits reaped from the future sale of the home return to the non-profit, then we can begin to make a serious long-term dent in the shortage of affordable housing.
Long Island does not need a new Levittown. What we need are coordinated, comprehensive, focused and enlightened efforts to create hamlet-centered landscapes with clustered, elegant, pedestrian-dominated and solar-powered housing.

Section Seven: Transportation

1. Introduction

Long Island has developed around the automobile, with an alarming insufficiency of adequate and convenient public transit. Perhaps no issue reflects a visible deterioration in the quality of life on a daily basis than Long Island’s transportation system. This transformation of the Island into auto space means that people need cars for everything. They’re required in order to shop, to get to work or school, or to visit friends and relatives. The result is that there is an estimated one car for every living person on the Island.

The consequences of this are numerous. For example, existing public transportation is not accommodating, requiring long trips and extra travel time and often cannot get you where you wish to go. In addition, the lack of adequate public transit denies access to public services such as courts or clinics and business areas. The elderly (who may no longer drive), handicapped, or people who simply cannot afford to maintain a car are forced to depend on others for mobility. Beyond personal needs, almost all of Long Island’s commerce relies on highway transportation creating further congestion and environmental pollution. Ninety percent of all goods are moved by truck. At one point the railroad was used to move freight and it should be used again.

Added to this auto dependence lifestyle is the influx of visitors to popular vacation areas. It is estimated that on a typical weekend during the summer as many as 300,000 cars are visiting the East End.

2. Principles

Central to any ecologically sound modification of the Island’s transportation are two simple principles: we must place a moratorium on any further road expansion
or new road construction (with the exception of hardship cases); and dramatically augment our reliance on public transportation, especially railroads, and low-polluting private transport.

3. Proposals

In order to accomplish this we propose the following:

1. There must be support for "interconnectedness" among rail, air, shipping, and auto transport.

2. Instead of stopping the rapid transit proposal in Queens, the rail line needs to be extended beyond Kennedy to the Brooklyn Navy Yard which needs to be used for containerized shipping and rail freight yard, not incinerators.

3. That rail line needs to have a link with Long Island to MacArthur Airport so that all three airports are connected by rapid transit rail.

4. The rail line must not be limited to commuters but carry freight as well.

5. To reduce expense, the rapid transit line must use the LIE right-of-way, extend east to MacArthur, have no more than six terminals but no more than three stops per train, and provide truck depots to off load freight for short hauling of no more than a few miles.

6. At each of the rapid transit stops a north-south transit connect system using regular or mini-buses should be established to link up with the LIRR along the north and south shores.

7. Incentives should be provided for the use of solar electric cars.

8. Solar photovoltaic thin film panels should be connected in grid arrays, with storage facilities built at railroad stations, school parking lots, malls, college campuses, hospital parking lots, and large corporate parking lots to allow users of the solar electric vehicles to plug into a direct current supply from a PV grid not
connected to LILCO. Of course, owners of these cars could plug in at home but at much higher cost to be paid to LILCO.

9. We must preserve the East End and those things which have made it great: agriculture, mariculture, viticulture and tourism. We must draw a north-south line in the sand at MacArthur Airport and agree that no ferry, rail line, superhighway additions, or major airport can be built east of MacArthur and thus destroy this treasured ecosystem. Therefore, we oppose all efforts to create a cargo-freight facility at the Calverton airport — or other such efforts to promote significant industrial or commercial development there. Moreover, we believe everyone, including developers, must do as much as possible to least disturb the East End's fragile ecosystem.

10. We further oppose the construction of a high-speed ferry at Shoreham, or any bridge to Connecticut. The only purpose of such a ferry would be to open up the east end to industry, which would directly undermine both its fragile eco-system and its unique rural and tourist landscape and quality of life. Further, the positioning of the proposed Shoreham ferry at the north end of William Floyd Parkway is specifically designed to promote a completely inappropriate and environmentally destructive Route 110-type of development.

11. Finally, we call for a moratorium of all new road construction or road widening until a comprehensive plan for the ecologically sound development of Long Island is in place. In particular, we oppose the proposed extension of HOV lanes on the Long Island Expressway as the wrong solution to the transportation problem that will only make problems worse.

4. Imagining Auto-free Pedestrian Communities

We need to envision our communities of the future. This notion of reconfiguring where we live, work, grow food, and play is articulated in the concept of a pedestrian city. The criteria are simple: a series of sustainable communities are designed around the mobility of its inhabitants without dependance upon automobile, to access work spaces and transit hubs. Surrounding these communities would be natural areas, farms, recreation.
In order for a vision to be believable, a desirable and articulated transit system needs to be outlined.

We should seriously consider:

1. Using the community of Montauk as a case study toward a drastically reduced auto use village.

2. Slowly expanding this vision to include as much as possible all of Eastern Suffolk County.

3. Returning to the idea that we need to preserve existing natural areas and to concentrate our habitation in the Western part of the Island in reconfigured to pedestrian cities. The eastern third of the Island should be seen as a preserve incorporating sustainable agriculture, small scale and environmentally benign production, mariculture, viticulture, as well as adequate access to recreation and tourism.

Section Eight: Ground Water Protection

1. The Problem

It has been shown over and over that Long Island's ground water is contaminated by development and human activity. Since Long Island's drinking water comes from an aquifer directly beneath the ground, the federal government has designated all of the Island as a "sole source aquifer." We actually live on top of our water supply. It is thus vital that restrictions be placed on land use to protect the quality of water recharging into the aquifer. Programs such as Suffolk County's open space acquisitions, while adding acres for water shed preservation, provide the Island with a possibly final opportunity to preserve long-term viability of its drinking water. Currently, it is costing taxpayers millions of dollars to treat publicly supplied drinking water.

2. Goals
Areas for growth must be managed and not deviate from the following goals:

1. Growth must be limited in areas of non-degradation;

2. All growth must be appropriate;

3. Growth in anti-degradation areas must be controlled and appropriate;

4. An anti-degradation goal which assumes compromise is needed in order to accommodate human needs and preserve groundwater quality;

5. A non-degradation goal which assumes that the quality of the aquifer will not be allowed to degrade from its base line ambient quality level. This requires much closer limitations for discharges.

It is with these goals in mind that planning and administration action should take place. Basically, appropriate development and human activities should take place with the intention of meeting these policy goals where applicable and without exception.

3. Implementation

The LI Regional Planning Board’s Special Ground Water Protection Area Project (SGPA) has set in motion attempts to determine advisory planning protocols. As Dr. Koppelman and the LI Regional Planning Board (LIRPB) have made abundantly clear: "The numbers clearly demonstrate the need for open space protection if the SGPA's are to be retained for aquifer protection."

Retention of existing open space, with the watershed protection benefits they provide, constitute the single most important strategy in the SGPA. The LIRPB's most recent SGPA Project provides an initial framework for accomplishing these goals. But concerted action is now required.

1. We must maintain our aquifers so as to provide low cost water for human consumption and high quality water for industries which use water for their products.
2. In order to give focus to the health of the community and LI's economy we must adhere to the water protection recommendations. Current rules and regulations for discharge do not guarantee that the ground water will remain potable. Until such time as there are stronger regulations and a structured plan in place, we must insist that no more open spaces in non-degradation areas be touched.

3. We must deal with areas which are already contaminated. We must incorporate ways to bring the ground water quality back. This offers an opportunity for both economic and environmental reclamation.
PART THREE

ECONOMIC DEVELOPMENT
Section One: Introduction

In this section we offer a framework for the ecologically sound and sustainable economic development of Long Island. We begin first with taxes. We then present a range of options for the development of ecologically sound new industries and for the expansion of current ones. Then energy issues and strategies for handling solid waste are addressed. Energy and solid waste management are included under economic development because of the integral role they play in development, the first as a source of industrial power, the second as a means of dealing with commercial waste and pollution. All of these discussions are developed in accordance with the four pillars of sustainability: ecology, economy, democracy and community.

We recognize that a full discussion of the economic development of Long Island would have to involve both the participation of a broad spectrum of our community, and detailed consideration of issues involving the wider Metropolitan Region with which our economic development is so deeply intertwined. What we provide here is hopefully a serious beginning of that more comprehensive discussion of regionally sustainable economic development.

When discussing the position of Long Island in the world economy, we addressed a number of factors that work against the establishment of a sustainable economy and quality of life for Long Island. These included the severe negative consequences of current trade and investment policies on the maintenance of an adequate employment base on Long Island, and equally important, the impact of current political thinking that promotes massive redistribution of wealth and economic decision making to the wealthiest sector of the population and away from the middle class and the poor. Both of these trends undermine the four pillars, and have serious negative impacts. For example, at the federal, state and even local levels we see the abandonment of commitment: to social equality; to ending racial, sexual, and ethnic discrimination; to environmental protection and preservation; and to workplace safety and health — along with a growing indifference to providing
even basic health care services to the general population. While we focus on
economic development projects in this section, we must keep in mind that these
proposals exist within a larger political context, and that the feasibility of our
proposals is not limited to whether a market is available for the product or service
produced, but is strongly impacted by the public policy debate taking place here and
across the country.

There are those who believe that the polarizing impacts of free trade policy and
budgetary constraints on government, investment, and the promotion of social
equality are the result of natural and practically uncontrollable economic forces.
They say that we have to find ways to divide up a shrinking pie. This perspective is
factually wrong and only serves as a rationalization for political and social policies
that reward the wealthy at the expense of the rest of us. We have already referred to
the growth of the stock market as an example of the enormous wealth available for
non-productive speculation. Much of that wealth could be far better invested in
maintaining the quality of life now slipping away from us. How is it possible that as
companies downsize, shut down factories, and close offices, they become more
attractive to investors? The answer is that there is no longer much relationship
between the ability of a business to attract stockholders and its primary productive
activities. Many stockholders don't have a clue as to the activities of companies in
which they hold stock, but are only interested in their ability to accumulate wealth
through trades and dividends.

Thus we have an economy that measures economic development in terms of
short term profits, ignores basic values and the impact of specific development
projects on non-market participants. But investment capital ought to, and must, be
made available to projects that improve the quality of life in the community and
that focus on renewable resources.

The economic base of any region is expanded by those industries that add value
to goods and services in the process of production. Our quality of life depends in
large part on our ability to foster and maintain such industries. To the extent that we
can sell their goods and services to buyers outside the region or in the case of
tourists or retirees, buyers who earn their income outside the region, the region
receives an extra bonus of wealth. But that only holds to the extent that such
production is not environmentally destructive, provides quality jobs with decent benefits, and the industries are appropriately sited.

Economic development must be reconciled with the protection of Long Island's environment. For many years, economic development has been hostile to the environment on Long Island. As a consequence, we are now saddled with a number of toxic waste sites, including some that threaten water supplies. Oil spills and other discharges into the surface water of the Island have degraded the value and use of coastal waters. The natural environment should be a critical consideration when planning economic development on Long Island. Sound long-term economic development is only possible when it incorporates a detailed sensitivity and respect for that ambient environment.

Environmental constraints and economic needs point to new development directions for Long Island. Suffolk residents voted twice to pay 1/4 cent more on their taxes in order to preserve more open space. This is an indicator that residents understand the importance of environmental issues and their willingness to support investment to preserve the environment and quality of life on Long Island. We propose to build on that understanding. What needs to be found is a balanced and sustainable economic development strategy that permits the Island's ecology to absorb the effects of economic activity. We believe that the overall goals and objectives of local economic development policy should adhere to the following basic principles and ideas:

1. To promote businesses that are compatible with Long Island's environmental, cultural, educational, and economic strengths in order to insure ecologically sustainable economic development. The siting of new and existing businesses must be regularly evaluated for environmental impact and all businesses that damage the environment must be held fully accountable for their actions and stopped from further abuse.

2. To encourage the creation and diversification of year-round employment opportunities that depend on full-time, skilled workers. It is not acceptable to replace defense industry engineers and technicians with retail employment regardless of whether the retail work is upscale (Nordstoms) or downscale (Bob's Stores). Local development dollars or IDA funds should not be spent on businesses
that depend upon the low wages of their employees as a main source of their competitiveness. In order to maintain the high standard of living on Long Island, we strongly support industrial or commercial development that is competitive because of the high quality of the product or service rather than the low cost of production due to low wages.

3. To encourage economic stability in the entire region including New York City by recognizing that our long-term economic success hinges upon the general viability of the New York Metropolitan Region, and upon our ability to find our appropriate niche therein. We believe that New York City should continue to be a major source of employment and income for Long Island residents and while we support the development of corporate headquarters and offices on Long Island, we reject the policy of "raiding" the City through tax or rent abatements and favorable loan deals that ultimately force local residents and existing businesses to subsidize new developments, even competitors.

4. To seek out industries that have a commitment to reinvesting part of their profits locally, especially in the form of environmental reclamation, support for education, and public health. Though this commitment would not be a requirement for specific developments, we believe that Long Island offers many competitive advantages to businesses, and that they should participate in the community in more than a purely economic fashion. In addition, we support businesses (both new and established) that are willing to form joint corporate-community organizations to provide a forum for discussion about environmental concerns, employment opportunities and other issues that both the business and the local community share an interest in.

Section Two: Taxes

"Taxes are the price of civilization," observed Justice Oliver Wendell Holmes. Local taxes pay for much of that civilization — schools, roads, public transportation, libraries, parks, sewers, water, health care for the poor and elderly, police, fire protection, community colleges, beaches, cultural activities — most of the things that make Long Island a desirable place to live. To continue those vital public services requires a fair, equitable, progressive tax system -- based on the ability to pay.
A. At the local level

Currently our local taxes are terribly regressive. Both sales and property taxes bear no relation to ability to pay and are imposed largely on necessities – consumer goods and housing. Sales taxes, at 8.5%, are the highest in the state, while enormous and increasing property taxes (particularly school taxes) not only discourage business but threaten to force people out of their homes.

The two largest components of our local tax expenditure are schools and Medicaid. Even if the State were to pick up a much greater share of those costs, we would still advocate a shift from local regressive taxes to more progressive taxes.

A first step would be to eliminate the Nassau/Suffolk surcharge on the sales tax. The approximately $330 million raised by that tax on Long Island could, for example, be replaced by a Nassau/Suffolk income tax of:

1% applied to persons with net incomes over $100,000,
2% applied to persons with net incomes over $200,000, and
3% applied to persons with net incomes over $300,000.

Not only would a reduction in the sales tax help local businesses, but nonresidents working in Nassau would be taxed on the income they earn in Nassau and Suffolk. Reciprocity would therefore be achieved for Nassau County residents working in New York City who currently pay a New York City income tax. Finally, since it applies only to those with net incomes over $100,000, it would affect less than 8% of taxpayers. It's win/win for everyone and would begin to implement the principle of progressivity by reducing reliance on regressive sales taxes and shifting to more progressive income taxes.

Step two would be to put in place (as the Bi-county Tax Relief Commission, the Long Island Planning Board, et al., have advocated) a reduction in property taxes and a corresponding shift to the progressive income tax. A uniform and equitable market value assessment system should replace the present haphazard, discriminatory and arbitrary method.
Most would pay less, some — based on ability to pay — would pay more. Reduction in property and sales taxes would reduce electricity rates, consumer prices, the costs of doing business, and would help to create jobs. It would reduce the crushing burden of regressive taxes on most of our population. Long Island would be both more business and more consumer friendly — and our residents would know that we have a fairer tax system.

B. At the State level

On a more comprehensive level, we call for an immediate freeze on all proposals to further reduce income taxes in New York State. Such a freeze would reduce the structural deficit in the State budget by $2 billion. Another $1.55 billion could be made up by repealing the second step of the tax cuts enacted in 1995 and another $450 million from not implementing the third step of the business tax cuts enacted in 1994.

Further progressivity could be obtained by adding additional brackets of 8.6% for the portions of taxable income above $150,000, 9.6% above $200,000, and 10.6% above $300,000, it would generate about $1.2 billion in additional revenue.

Additional options for raising revenue in a just and fair manner are also available through curbing corporate welfare. Ending the most unjustified of New York’s many lucrative tax preferences could generate up to $1 billion. Some major examples of these preferences are as follows:

<table>
<thead>
<tr>
<th>Tax Expenditure</th>
<th>Estimated Cost (millions of $1)</th>
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<tbody>
<tr>
<td>Investment Tax Credit</td>
<td>135</td>
</tr>
<tr>
<td>Double Weighting of Receipts</td>
<td>85</td>
</tr>
<tr>
<td>Investment Allocation Percentage</td>
<td>135</td>
</tr>
<tr>
<td>Net Operating Loss Deduction</td>
<td>159</td>
</tr>
<tr>
<td>Exclusion of Interest, Dividends &amp; Gains from Subsidiary Capital</td>
<td>212</td>
</tr>
</tbody>
</table>
New York State could also reduce the leakages from these tax preferences if it strengthened its Alternative Minimum Tax (AMT). At the very least, the State should undo some of the holes it added to the AMT in 1994, to ensure that no firm can use these preferences to reduce its tax liability by more than half. While such a step will not generate a lot of money in the short run, it is essential to the long-run integrity of the tax system.

C. **At the federal level**

Nothing has so far been said of the need to restore effective progressivity to the federal tax system and once again require that large corporations pay their fair share. And we have not even begun to discuss a tax on wealth, which is one of the fairest and most progressive of all taxes, only charging those who have obtained the most benefits from society, have the greatest debt to it, and the most ability to pay for it. In short, there is no shortage of funds for needed social and environmental purposes. Only a shortage of will and vision, and the political capacity to put them into effect.

According to a 1993 study by the General Accounting Office, more than 40 percent of corporations doing business in the United States with assets of $250 million or more "either paid no income taxes or paid income taxes of less than $100,000." In the 1950s, corporations operating in the United States paid 23 percent of all federal income taxes. By 1991, it was down to 9.2 percent, while the corporate share of state and local taxes stayed about what it was in 1965. The many opportunities open to corporations and wealthy stockholders to avoid taxes are not only creating a fiscal crisis for cities and states across the nation but making the tax burden of the much-courted but much abused middle class even heavier; states and localities seek to extract revenue in small bites from consumers and modest homeowners through regressive sales and property taxes. These states and municipalities are so desperate for decent jobs that they bid against one another in offering subsidies to bring in plants.

It is important to understand the connections between local, state, and federal tax policies. The primary reason that local real estate taxes are so high now is because of the cuts in federal and state income tax, and the consequent cuts in aid to local communities. Although we could reduce local costs somewhat through consolidation of political and school districts, and thereby save on taxes, we cannot
through these means correct the many inequities in the current system. Our proposal to substitute land rent for real estate taxes will actually make some inequities worse if we do not at the same time correct income tax inequities as described above. One example will suffice to demonstrate this problem. Imagine two houses side by side on identical lots. The land rent for each is set at $2,000 per year. One lot is rented by a lower-middle-income homeowner with a modest house and the other is rented by a multi-millionaire who has constructed a mansion with tennis court and swimming pool. Both pay the same land rent, but for the middle-income family, the rent is 5 percent of the $40,000 annual income, whereas for the millionaire the rent is .05 percent of $4 million per year. It's clearly not fair. (Current real estate tax policies that do take into account improvements still result in inequities when incomes are compared. In this example if the first house was worth $100,000 and the millionaire's house worth $1,000,000, the real estate tax on the millionaire would be 10 times that of the lower income household, but the millionaire's income is 100 times greater. It would require a house valued at $10,000,000 for there to be equivalency.) The only solution to this inequity is a graduated income tax so that even if the land rent is the same, the wealthier family contributes a greater portion of its income to the local community. Not only are progressive income taxes much fairer, but they will allow the replacement of the many hidden taxes and fees that have sprung up as the federal government, the states, and local communities struggle to replace lost revenues. We oppose any schemes such as the currently popular (among the very wealthy) flat tax that continue to shift social costs onto the middle class and poor. Progressive income taxes are the only way to efficiently redistribute wealth from those that have the most to those that need the most in services.

D. Green Taxes

Green taxes rest on the premise of raising taxes on things we want to discourage, such as toxic waste, and reducing taxes on things we want to encourage such as pollution control equipment. These taxes can "boost states' economies, make polluters pay for cleanup, promote new clean technologies, encourage businesses to go beyond the minimum environmental requirements, or channel economic development toward sustainability."
Taxes on pollution can fund cleanup programs or environmental trust funds. Tax breaks on young technology and sustainable energy give incentives for producing environmentally safe technologies and energy industries. Some states have integrated state tax codes and state environmental standards. Minnesota taxes land, buildings, and other real property according to their "fair market value. When real property is contaminated with toxic waste, its value drops -- often below zero." This tax has been reformed to be levied "on the 'contamination value' of the property -- the difference in its value before and after contamination. Property owners who are responsible for the contamination, and do not have an approved cleanup plan in place, pay tax on the contamination value at the full property tax rate. Once the firm files an approved cleanup plan, the tax is cut in half. (Property owners who buy contaminated property without notice of the contamination are taxed on the contamination value at 25 percent of the property tax rate. When a cleanup plan is filed, the rate goes down to 12.5 percent.)"

In Florida, a 2% tax is levied on every container sold in the consumer market. However the tax is lifted if more than half the containers used in Florida are recycled. Massachusetts helps companies pay for vans to be used in a rideshare program. Louisiana enacted a scorecard law that rated business on their environmental records. The number they scored was the percentage used when the company applied for a tax break. This became not only a good way to reduce taxes, but gave companies good public images. We recommend detailed study of the ways in which these taxes may be brought to Long Island and New York State.

Section Three: Environmental Industries

Particular industries that merit support include those that market environmental products and services, one of the fastest growing industries in other states. Products and services include consulting, research and development, instrumentation to measure air and water quality, waste management and new sustainable technologies. A recent (March, 1995) study co-sponsored by the Long Island Alliance, the Citizen’s Advisory Panel, Lilco, with support from the Business School of Hofstra University and the Center for Regional Planning Studies at SUNY Stony Brook, surveyed the growth potential of Long Island's sustainability industries. These industries include alternative energy production and energy conservation; environmental engineering, consulting and remediation; and public
transportation. The study indicates that there is strong growth potential for all of these industries on Long Island, with environmental industries showing the strongest potential. (See Appendix F: Reinvest In Long Island, for a local report on environmentally sound alternatives to the defense industry.)

One excellent example would be the development of a facility to process sewage sludge into pellets. Because of the relatively high quality (and low toxicity) of the pellets that can be made from Long Island sludge, these pellets can be exported for use as agricultural fertilizer. This is an example of a "natural" resource available on Long Island that can be marketed competitively because of the high quality of the product.

With extensive environmental activity already underway and no other area in the region taking a leadership role, we propose that Long Island establish itself as a center for environmental business. This goal would fit well with Long Island's need to encourage environmentally-sustainable development, offering both an immediate local market and a possible source of export to other parts of the country and the world. Already surface water reclamation companies have been formed on Long Island and are sustaining themselves by marketing their products elsewhere.

Some specific light industrial projects suggest themselves because of unique assets or environmental needs on Long Island. These include:

1. **Thin-film Photovoltaic Production**: Nowhere else would such solar companies be more likely to succeed than here on Long Island, where electric rates are inordinately high. Some 60-75 factory jobs would be created initially, along with a number of construction jobs for a 50-75,000 square foot facility. More than 200 additional factory jobs would probably be produced in the next three years from such a successful solar panel effort. But literally thousands of construction trades jobs will result from building the infrastructure needs (photovoltaic-PV arrays) for the solar electric car at parking lots across the Island and on the south facade of municipal, business, and residential buildings to reduce energy costs.

2. **A Wind-Power Factory**: Because there is a similarity between rotors, motors, and propellers built for aircraft and wind power machines, Long Island should capitalize on the aerospace expertise that existed at Grumman and elsewhere on the Island.
The location of a "Wind-Power Generating Facility" at Grumman's deserted Calverton location would not only preserve the ecology of eastern Long Island, but it would both produce many quality production and construction jobs on the East End, and provide an energy source to reduce electric costs to the Towns of Riverhead and Southampton. In fact, a similar facility might also be developed at nearby Westhampton Airport, providing further environmentally sound economic development for the region.

3. Extraction and Marketing of Pine Barrens Water: Despite surface pollution, Long Island's Pine Barrens deep aquifers contain enormous quantities of some of the purest water in the world. That water can be extracted (pumped) for sale as gourmet drinking water, for use in pharmaceutical and microchip production and for other industries that require low mineral content (soft) water. Although the Pine Barrens water is not owned by anyone, the State or Local governments could lay claim to extraction rights and lease them to companies that want to distribute the water. A publicly owned company could be established as an alternative to leasing rights to extract the water. There are some constraints on how much water can be extracted, but as long as the total amount, including that already being pumped out for local use, is a fraction of the average annual rainfall, the supply will be constantly replenished.

4. An Animation Video-Computer Production Company: Jurassic Park and Toy Story. These movies are the tip of the iceberg in terms of changes we'll see in the telecommunications industry of the future. Disney, Inc. just announced the creation of two such companies in Canada employing 200, starting in 1995. We have the computer-talented expertise on Long Island sufficient to lure such an innovative company here. A technology center within shout of the communications center of New York City is a possibility that should not be lost on visionary public officials in Suffolk and Nassau Counties. At the same time, one or two of the colleges here should be buying the special computers and offering the training and degrees which will encourage graduates to stay and seek employment here. In addition, we support the efforts of local politicians to develop the former Grumman property into movie studios.

5. Pelletization: Rather than trucking sludge off Long Island, we endorse the process of pelletization as the best available procedure for the handling of sludge.
Pelletization is a thermal drying process which converts the sludge into cake-like packages and reduces its volume by 90%. A market already exists for these pellets called Milorganite, which has been used as a fertilizer for over 60 years in Milwaukee. Companies are anxiously waiting for more pellets. The pelletization of sludge makes a reliable Long Island export, as our sludge does not have a heavy lead content thereby, making an excellent fertilizer. The pelletization process, required by the Environmental Protection Agency (EPA), destroys pathogens, which may be present in the sludge, prior to use for agricultural purposes. Pelletization is a costly process that can only be partially offset by the sale of the pellets. Consequently, it must be locally subsidized by tax revenues. Still, we believe it is better to pelletize sludge than to dump or incinerate it. Our endorsement of pelletization is conditioned upon the following:

1. That all sludge be tested for heavy metal content before being pelletized.

2. That all State permits for emissions be obtained.

3. That there be a Citizens' Response Plan which will include: a phone number and designated staff member for citizen complaints; "turn around time" for responding to complaints; and agreement on public accessibility to facility and grounds.

4. That a Community oversight committee be formed at each sludge processing facility to review & respond to ongoing operating problems provide advice and suggestions to the plant concerning various aspects of facility operations. The Committee should consist of community residents, elected officials and sludge processing plant operating staff.

6. Environmental Tourism and Recreation: These areas continue to be important economic sectors, vital to our local economy, and should be aggressively marketed. The region's most unique asset is its natural and historical environment, and a great concern of visitors is that Long Island is losing its environmental integrity and historical charm. Thus, "green tourism," coupled with a focus on historical and cultural attractions, is a natural venue. Innovative marketing, expanded coordination between nature sanctuaries, museums, and cultural organizations, and encouragement of new attractions will be important.
Other opportunities for expanding tourism include more off-season events, international tourism, and upgraded conference facilities. South Fork communities are already saturated with tourism during the summer and we oppose additional development. Projects such as the plans for Louis Vuitton to rent out next year the streets of a local town should be prohibited because they overwhelm the local communities both east and west of the actual village where the event will take place.

We need to implement plans for gradual undevelopment of the barrier beaches, recognizing that in a very few years communities such as Dune Road will no longer be viable. Long Island residents and New Yorkers generally should not be forced to pay for the maintenance of land that will most certainly fall victim to storm-caused erosion. We reject the contention that property owners in these areas should be compensated for their poor choice of investment.

7. **Retirement:** Long Island also remains an attractive place for retirees. With as many as 60 nursing homes and half that many hospitals (as of 1995), and with easy proximity to the social and cultural riches of New York City, Long Island has a great deal to offer retired persons. We support the establishment of retirement communities so long as they are integrated into the larger community. Thus, in any clustered development, we support a number of buildings geared towards retired individuals and couples with on-call health services and other amenities. Our proposals concerning real estate taxes and land use will make it much easier for retired individuals to continue to live on Long Island, even on a fixed income. Clustered communities are ideal for people who need social interaction to replace that of the job, who need less private living space, who desire walking access to downtown areas and public transportation, and who want to reduce their living costs. Retirees will be key to the success of the clustered living concept, especially at the beginning. We oppose, however, the national trend towards gated communities that isolate residents from their neighbors, that tend to segregate people as to race, ethnicity, age and income. These communities only take a piece of the suburbs and put a wall around it.

8. **Sustainable Agriculture:** Long Island's economy was originally based on farming. It has since turned to retail stores in the west and tourism on the East End.
However, farming, retail and tourism are inextricably linked. The rural communities and open spaces are what brought the first stores and tourists. Their over-development means a lower quality of living and a drop in tourism. Farming must be protected from "over-development," and promoted as a central industry on the east end. But it must become sustainable agriculture.

Modern mainstream farming technologies have been shown to degrade environmental systems. Some pesticides, many of which are "restricted use materials," have been implicated as possible causes of breast cancer and child illnesses, both of which are much higher on Long Island than the national average. Many of the materials used in high chemical use farming pollute our water, food, and air and lead to an increase in the number of pests which they are supposed to kill. Subsidy regulations force many small farmers into the difficult corner of relying mostly or totally on government money. Chemical fertilizers lead farmers to neglect soil quality when it is lying fallow between growing seasons making it more susceptible to erosion. The huge yields farmers expect with toxic and manufactured fertilizers along with farm subsidies, force monocropping. Monocropping makes small farmers very vulnerable to price fluctuations, pest outbreaks, and weather conditions. Certain nutrients are removed from the soil, and more erosion occurs causing crops to depend on continued and increasing use of fertilizers, since soil quality continues to deteriorate. Meanwhile, huge agribusiness monopolies -- possessing large financial resources and controlling distribution systems -- can set food prices at levels that undercut family farms. Thus small local farm families are driven out of business, contributing to the destruction of local farm communities.

We should rather be supporting local farmers and encouraging them to maintain fertility through organic matter management, municipal composting, chemical-free lawn litter, and the growing horse industry on Long Island. Municipal compost, chemical-free lawn litter, and manure can be composted and provided to local farms.

Sustainable agriculture involves alternatives to pesticides, changes in planting choices, and a reduction in the pollution caused by farming. Long Island needs to adopt -- and government needs to encourage -- sustainable agriculture policies in order to preserve the economic viability and uniqueness of the East End, as well as
to protect our children, food, groundwater, fishing industry, and the largest number of rare and endangered species in New York State.

We therefore propose that local farmers be educated and assisted with Integrated Pest Management. In IPM, pests are reduced by planting crops earlier or later in the season, attacking pests in their winter habitats, rotating crops, intercropping, planting different crops, or looking for the least toxic chemicals. Alternative agricultural research must be funded by the state and federal government. Our zoning practices must also take into account that many small, carefully managed farms are more sustainable than large agribusiness. Such farms can be further promoted through the development, with government support, of improved distribution channels and expanded outlets throughout the metropolitan region of local and specialty markets that feature a wide variety of fresh local organic produce.

State laws must start to adequately address the role agriculture has in water pollution. We need tough legislation to strengthen The Clean Water Act and the Safe Drinking Water Act. And we need to develop more effective and less costly ways to distribute the East End's produce to farm stands and markets across Long Island and the wider Metropolitan Region.

9. **Fishing, Shellfishing, Aquaculture, and Viticulture**: Here is the backbone of the economy of the East End. The preservation and development of these sectors are vital. Besides their economic impact, these traditional activities contribute to Long Island's character and must be maintained in a balanced economic scenario. This suggests a need for a research and development facility perhaps at Calverton to sustain a long-range balance.

The demand for fish has increased at a time when the oceans and fresh water bodies are producing fewer and fewer fish. Due to over-fishing and pollution, alternate sources must be found. Long Island is a natural for this type of production. Construction, maintenance, and operation would employ hundreds of workers. Salespeople, packers and shippers by boat would further diversify the labor force. These boats could be powered by electricity provided by tidal energy plants. As recently as the 1970s, Long Island Bays were teeming with clams, oysters and lobsters. Pollution has taken its tolls on the bays. The bays must be cleaned up and re-seeded. In addition, toxic waste sites must be cleaned up. The geology of Long
Island is such that contamination lying on or in the soil will leach into the aquifer and find its way to the bays or Sound by way of under-ground waterways or above-ground streams. The Environmental Protection Agency (EPA) and the Department of Environmental Conservation (DEC) accept this process as a means of cleaning up plumes emanating from toxic waste sites. Greater technological expertise must be employed in clean ups and off-site plumes of contamination must be addressed at every toxic waste clean up.

In general, in order for an economic development program to be effective, appropriate land must be available for development. Policies must encourage more concentrated development in targeted growth centers — and away from the deep-flow water recharge areas — in village centers, regional commercial centers, industrial parks, and infill of existing commercial strips. This pattern of development would preserve open space, avoid blight and allow for appropriate development. (See Part Two: Land Use, especially Sections 4 and 5 on Principles and Proposals.)

Economic development strategy includes: working in partnership with local government and business groups; developing programs to encourage the growth of particular sectors; creating a business marketing program; identifying appropriate land for development; identifying financing options; providing technical assistance for dealing with state and federal programs; and offering small business assistance through the New York State Small Business Bureau.

10. Land Trusts: Over 3,000 acres of wetlands, farms, and forests across the country are being lost to "development" each day. And this national problem is also a local problem. Land Trusts provide one effective way of protecting valuable land.

Trusts offer several benefits. Landowners can obtain professional assistance in estate planning, tax and conservation law, and environmental and land planning. Such trusts offer cost-effective means of conserving "open space" and farm land. And they help communities preserve cultural resources and provide for parks and wildlife sanctuaries.

Trusts can be established by:
1. direct donation by the landowner through gift or will;

2. purchase or bargain sale — by bargain sale is meant purchase by the trust at less than market price, thus reducing the cost to the trust and offering tax benefits to the seller;

3. establishing a "life estate", in which the landowner sells or donates the land, but retains the right to live on it throughout his or her lifetime;

4. a strategy of limited development in which the least environmentally significant portion of the land is carefully developed in order to finance conservation of the rest. (Limited development may be used when conservation of an expensive property would otherwise be impossible); and

5. a conservation easement, whereby the landowner enters into a permanent legal agreement with the land trust to prevent specified harmful uses of the land. The land remains in private ownership and use — similar to Suffolk County's Farmland Preservation program — while the trust insures that the restrictions are enforced.

11. Additional Directions: In addition, we support the effort of Cold Spring Harbor Laboratories to buy and occupy the Lloyd Harbor site of the old Friends World College. The Lab is precisely the kind of environmentally sound high tech research facility that the Island needs. The legitimate concerns of the local residents are easily addressable, and should not be used to obstruct this Laboratory's expansion.

We support the conversion of most military production facilities to civilian uses as part of the general downsizing of military expenditure. Although much of military production is characterized by high skill and wage work, overall military expenditures waste resources that could be devoted to fulfilling human needs.

12. Financing: Finally, there should a concerted effort to address the financing needs of small businesses and "financially strapped" communities. We should work with financial institutions and town governments to develop innovative financing programs for small businesses, and shall encourage reinvestment in the Long Island economy by local institutions. This effort will include identifying public and private
financing resources and other incentives, including tax incentives targeted for ecologically sound commerce and industry, as well as tax increment financing and special assessment districts.

One concept that is gaining support in other parts of the United States is what is known as establishing "local currencies." Similar to discount coupons, local currencies are scrip that is sold to local residents at a discount (such as 90 cents for a dollar of scrip) for redemption in local businesses. They differ from coupons in that a sizeable number of businesses agree to sell and redeem them. (A variant on this concept is local discount cards that can be used for purchases in a number of locations.) The purpose of local currency is to encourage residents to spend their money locally, thereby supporting existing downtown retail and commercial businesses.

In conjunction with local governments and business groups, we will work with town, county or private nonprofit entities such as Economic Development Corporation or a Community Development Corporation, to promote business development on Long Island. Such an entity could provide financing and technical assistance to existing and new businesses, acquire and manage property, and undertake development projects.

13. Implementation: In terms of implementation, we suggest the following general guidelines:

1. create an effective liaison between universities, financing systems and business development, which includes an awareness policy on public financing (use of our taxes) by state and local agencies for any and all projects so funded.

2. increase efficiency and effectiveness of current sustainable technologies and industries.

3. promote methods of enhancing the relationships between business and the community.
4. promote closed-loop, cooperative financing systems both conventional and alternative. Before bonds are floated for public works' projects, the public must be made aware of the dollar cost of such financing.

5. seek further methods of conversion of two key Long Island industries: Military-Related and Construction/Building Trades. While focusing on military conversion-related labor resource we should try to match these resources to appropriate current or new technologies, developing or using appropriate retraining systems.

6. create Enterprise Relationships (relationships between businesses and lower income areas); Apprenticeship Programs, and other programs to train potential producers for fulfilling occupations. It should be made clear here that building or rebuilding in high poverty and unemployed areas means little to those communities unless people living in those areas are brought into the process from the start in both the planning stage and given economic opportunities at the building process stage. We do not support projects that are solely designed to exploit low income workers, take advantage of tax credits and federal and state subsidies. We also oppose businesses that close down operations in one location and move them to an "Enterprize Zone" just to take advantage of the tax incentives.

7. make a coordinated effort between business and education to minimize the loss of extensively educated high school and college talent to areas outside of Long Island.

8. coordinate the efforts of local permitting agencies with community groups in order both to expedite the development review process to minimize delays and to insure community support.

9. work with local governments and business organizations to create strategies for developing the following economic sectors which have export potential to expand Long Island markets and create more permanent jobs: marine science, environmental research and technological and biotechnological development, computer technology, "clean" manufacturing, financial services, tourism, retirement and health care, young and elder care services, along with the other proposals addressed above.
10. work with local chambers of commerce, tourist attractions, historians, environmentalists, public relations experts, and other knowledgeable individuals to develop a program for marketing the environmental, historical and cultural attraction on Long Island. We will also work with the appropriate public and private agencies to identify funding sources for marketing tourism.

Section Four: Energy

Central to any ecologically-sound economic program is the creation of a renewable energy future for Long Island. The move toward such a future will require introducing solar energy, wind power, and solar cell technology as viable alternatives to current electric and gas generation wherever possible. It will also involve cutting transportation costs and providing incentives for energy conservation.

In order to maximize renewables at sustainable levels, our vision requires:

1. Solar Photovoltaics: We must create a regional reliance on solar photovoltaic (PV). In order to carry this out, suggested steps include:

   a. Attracting a major PV company to locate a solar panel factory on Long Island. This includes helping to find a location for a major facility, preferably recycling an existing one, such as Fairchild-Republic complex or the Grumman Bethpage site;

   b. Assisting the business sector in getting off the LILCO grid and signing up for PV energy. Existing commercial organizations, including the Long Island Association, the LI Builders Institute, and the "Our Town" campaign being organized by a coalition of environmental groups, could facilitate this move;

   c. Developing detailed economic incentives through coordination among New York State Economic Development leaders, Nassau and Suffolk County Public officials, and the New York Power Authority (NYPa);
d. Encouraging homeowners, with the assistance of the LI Power Authority (LIPA), to sign up for PV energy in order to create a favorable climate for the development of a local PV market;

e. Promoting the use of solar electric cars. (An ideal start-up location would be at LIRR stations where the many Long Island commuters to New York City could drive their solar electric cars to the station, plug in and ride the train to work. Upon their return in the evening, they would have their cars re-charged for the ride home. The solar arrays/modules would provide direct current to the user and be free from the utility’s high rates.)

2. **Wind Power**: Wind power can be promoted by working with public officials to make them aware of the NYPA pilot program for 8MWs at Plum Island. Additional sites, such as Calverton and Brookhaven Airports, would serve as installation wind machinery.

3. **Tidal Energy**: Energy of the ocean can be tapped to produce electricity. The Eastport Maine project undertaken by Franklin D. Roosevelt in the 30’s, was placed on hold during World War II after Roosevelt’s death. With the takeover by the oil industry, work was never resumed. Along with the destruction of public transit, the oil industry took control of energy sources in order to sell their product, thus unintentionally promoting global warming. The extended coastline of the United States offers an opportunity for relatively clean energy. Construction, maintenance, and operation of such a plant would provide opportunities for employment for thousands. It could also eliminate the need for such environmental disasters as James Bay. Moreover, energy efficiency and conservation create small-scale jobs and must be promoted in order to free up money spent on high utility rates. Therefore, energy retrofitting should be a high priority.

4. **Energy Retrofits**: We must focus on retrofitting existing buildings and facilities for energy efficiency in order to develop a comprehensive renewable energy program for Long Island. Two specific places to begin:

   a. **Municipal Buildings**: NYPA has already made available twenty million dollars in 1995 — of our proposed five-year $100 million revolving, self-liquidating fund — to retrofit municipal buildings in Nassau and Suffolk
Counties with modern state-of-the-art energy efficient technology. By establishing a payback period for each project, a portion of the savings can be returned to the utility to repay their initial investment, while the remaining savings can be split 50/50 between cost reductions and future projects. This can reduce electric rates for, and possibly taxes of, municipal governments, while eliminating the use of old, inefficient, pollution-producing generating plants.

b. **Appliance Replacements.** NYPA currently has a program replacing old inefficient refrigerators in New York City housing projects with new energy efficient ones, thereby saving thousands of dollars in electricity. Let's bring one to Long Island.

5. **New Energy Directions And The Fate Of LILCO:** Clearly with a program in place for an ambitious new direction toward alternative energy as outlined above, the fate of LILCO must be determined. Integral to this discussion lies the disquieting gap between political rhetoric and reality in the inability of public officials at every level to deal with electric energy and the burden one company, the electric and gas utility LILCO, has already placed on 43,000 other businesses and over 960,000 residential ratepayers. For example, starting the nuclear reactor at Shoreham and running it for five days but producing no power cost ratepayers over one-quarter of a billion dollars. In the RICO suit plaintiffs brought charging LILCO with fraud, a jury found LILCO guilty on two counts for $600 million. The judge ruled out RICO's treble damages of $1.8 billion and set a $400 million fine, without interest, to be paid out over a ten-year period.

That Rate Moderation Agreement of around $500 million won't be paid off until 2003, but the $4.4 billion in remaining debt has about 35 years to go and unless the Governor of New York and the Public Service Commission (PSC) want to do something to overturn these arrangements, we're stuck with the "stranded" costs and we will see rates rise well beyond the $.17 per kilowatt hour we're now paying.

We therefore propose the following solutions regarding LILCO:
a. Say no to a takeover deal. Two already offered at $21.50 a share and $17.50/share for LILCO's stock, while the stock has already dropped from $28 to about $15/share;

b. Require the company to dispose of several "peak-load" plants now before competition rulings are determined by federal and state regulators;

c. Require the company to sell its gas operations;

d. Insist that the company reduce its debt;

e. Insist that the PSC reduce and freeze stockholder dividends for two years in order to pay down the debt;

f. Eliminate any further manipulations in stretching the debt;

g. Get NYPA involved in aggressive upfront purchases of state-of-the-art inexpensive solar photovoltaic panels as described above;

h. Site panels in arrays at grids with battery housings providing direct current to solar electric vehicles at railroad, hospital, school, municipal government and mall parking lots in order to advance both the panel and car technology and market opportunities and make prices competitive with anything the oil/gas/utility monopoly has to offer;

i. Have NYPA arrange for a revolving, self-liquidating loan arrangement to companies and municipalities willing to advance solar technology enabling the area to: reduce rates as less power is used; reduce pollution; increase construction trades jobs; reduce reliance on fossil fuels (oil and natural gas); and reduce government taxes through reduced electric usage.

j. Have NYPA organize a Northeast Regional "Transmission Agency to secure inexpensive power for transfer to Long Island and control rates as the Federal Energy Regulatory Commission (FERC) demonopolizes and deregulates the gas/electric utility industry."
Section Five: Solid Waste Management

1. The Problem

Long Island faces the daunting challenge of managing its solid and hazardous waste while trying to maintain economic growth and a high standard of living. Waste management has gone from being a largely overlooked area of government operations to being the third most expensive governmental function after schools and roads. In several town surveys, residents indicated their desire that priority be given to adequate facilities for the disposal of sewage and garbage. The goals of Integrated Solid Waste Management include:

1. reducing as much as possible the amount of solid waste created;

2. composting organic wastes for which there is an end-use;

3. collecting and marketing recyclable materials for which there are markets;

4. re-using as many materials as possible.

Every waste management method and technology has drawbacks. Before embarking on a new direction in waste management, each option should be carefully analyzed with respect to environmental impact, siting, technology, cost, social acceptability and public versus private ownership and operation. The key to "integrated solid waste management" is diversification as opposed to reliance on any single method or technology.

2. Source Reduction

Source reduction includes any effort which lessens the production of waste. Examples include redesigning packaging (packaging accounts for one-third of the waste stream); changing buying habits; improving manufacturing processes; and redesigning products to be more durable and recyclable. Producing less waste means managing less waste, whether the method used is composting, recycling or reusing. Successful source reduction efforts translate into less labor, less hauling, less air and
ground and water pollution, less generation of hazardous waste, less use of fuel, less use of natural resources such as metals, minerals, timber and oil.

3. **Yard Waste**

   A report conducted by the US Environmental Protection Agency (EPA) states that yard waste represents nearly 18% of all solid wastes generated nationally. Many Long Island towns no longer pick up yard waste and encourage replication of the Town of Islip’s "Don't Bag It" program, which promotes the use of lawn mowers with mulchers. This program should be expanded to every town Island-wide.

4. **Recycling**

   Every town on Long Island has some form of a recycling program. Long Island residents strongly support recycling efforts. However, impediments to increased recycling include few reliable markets, and financial turmoil in state and local governments that impede the expansion, promotion, and reliable administration of recycling programs.

   In spite of hindrances, goals should include the collection of newspapers, glass, plastics, cardboard, cans, cardboard and office paper from commercial businesses, apartment buildings and condominiums in every town. Warnings and fines should be issued to those residents/businesses that do not participate.

5. **Strategies For Pollution Control**

   1. To manage solid waste using an integrated solid waste program system which includes source reduction, recycling, pelletization and reuse;
   2. To dispose in an environmentally sound way, of all household hazardous wastes generated on Long Island through the use of STOP days (Stop Throwing Out Pollutants);

   3. To address regional impacts of how the quantities and types of solid waste to be generated will be handled by using the following integrated solid waste management system:
a. The highest priority, and thus the most preferred method of waste management, is to reduce as much as possible the amount of solid waste created. The second priority is to recycle waste which cannot be avoided;

b. Development and redevelopment shall allocate adequate storage space for interim storage of materials to be recycled;

c. Construction and demolition debris from development and redevelopment shall be removed from construction sites and disposed of in accordance with the integrated solid waste system.

6. Implementation

We should:

1. research and develop alternate methods for collection and disposals of hazardous waste generated by households, schools and small businesses;

2. promote the development of more permanent STOP facilities;

3. promote the development of more permanent recycling facilities to process and market recyclables. Opportunities for regional marketing should be pursued as an interim measure;

4. seek to educate and assist residents, businesses, institutions, and governments on source reduction of solid and hazardous wastes and the identification of products posing fewer disposal difficulties;

5. give incentives to encourage government, residents, businesses, and institutions to purchase goods made of recyclable materials in order to increase the marketability of the recyclable materials they generate;

6. work with the tourism industry and the local Chambers of Commerce to encourage "green tourism" as a means of educating visitors to Long Island that they will be expected to recycle and keep beaches and roadways clean;
7. work with the schools to encourage incorporation of reduction and recycling in primary and secondary education curricula in Long Island schools;

8. support proposed legislation that will reduce excess packaging;

9. support methods that will insure accurate labelling of household products containing hazardous waste materials; and

10. legislate for recyclable packaging – with penalties for non-compliance.

7. Recommendations

1. As markets are established, towns should implement mandatory recycling laws.

2. Towns should mandate a law for toxic and hazardous materials.

3. Towns should again begin to hold STOP collection days until more permanent STOP facilities are in place.

4. Under SARA Title III, all Towns should have in place an emergency response plan for spills of hazardous materials as well as a list of all hazardous materials being stored.

8. Sludge

Faced with an escalating amount of sewage sludge, (millions of tons daily - Newsday 1/25/93), Long Islanders must pay the increasingly high cost of trucking sludge off-Island. A Sustainable Long Island needs a long-term environmentally sensitive plan for the management of sewage sludge. We must handle our own waste in a way that is not costly and creates a local market. To this end, we endorse the process of pelletization as the best available procedure for the handling of sludge, as discussed in the Section on Environmental Industries.
PART FOUR

DEMOCRACY AND COMMUNITY

Democracy and community are critically important for a sustainable Long Island. Whereas democracy is concerned with strengthening individual rights and political accountability, community focuses upon our responsibilities towards each other. Families and community organizations — schools, health care facilities, religious organizations, civic groups, and local merchants — comprise our social infrastructure.

Strong community and democratic institutions are not just luxury goods; they are critical to our economy. Most countries view produced assets, like factories and infrastructure, as the prime determinants of national wealth. Yet a new study by the World Bank, Monitoring Environmental Progress, argues that produced assets constitute only 20% or less of the real wealth of nations. The rest is comprised of natural capital, human resources and social capital. Human resources, the most important component, refers to people's productive capabilities -- their level of education, nutrition, and health care. In developed countries, human resources can represent as much as 67% of national wealth. Social capital, the productive value of families, communities, and other organizations and institutions, constitutes a smaller direct percent of national wealth, but is essential to sustaining a high level of human resources.

Traditionally, communities drew their strength from the moral obligations that neighbors felt towards one another. But obligations were often hierarchically defined, so that most people did not enjoy equal rights. In colonial America, women were considered the property of their husbands or fathers. Half the population was automatically excluded from political and communal enfranchisement. The push to extend democratic rights and freedoms to disenfranchised groups helped destroy many traditional communities. Communal bonds have further withered in the face of capitalist hyper-mobility and the expansion of state bureaucracies. Capital mobility robs regions of their employment and wealth base. Spiking unemployment rates bring rising rates of alcoholism, crime, violence, bankruptcy, and suicide. An earlier wave of capital mobility promoted workers and other social
movements to press the government to provide minimal levels of food, healthcare, education, and housing.

Today, as we have shown, those social welfare programs are under political assault and communities across Long Island are under siege. Governments have greatly diminished their commitment to improving the lot of all through public education, income supports to low income families, publicly financed health care (Medicare and Medicaid), environmental protection and other social programs. According to the proponents of this minimalist government, there are essentially only two main functions left for government to fill — a powerful military to protect corporate interests abroad, and a well-funded police and prison system to control unruly or criminal populations at home.

For Long Island, the problem with the "hand's off" approach to public policy has many drawbacks. The problems Long Island faces such as environmental degradation, job loss, high utility costs, inadequate transportation system, declining public health and many others, require more public intervention not less, and certainly not the total repudiation of progressive social policy that has recently dominated American and world politics. We need therefore to address two questions: 1) How do we expand public support and resources for community programs; and 2) What form should those programs take?

In response to the second question, conservatives argue that liberal policies are responsible for the decay of community and family life in America. To restore these institutions they want to return America's social policies to the nineteenth century, replacing bureaucratic state provisions with volunteerism and community services. They argue that civic volunteerism is cost-effective and minimizes dehumanizing bureaucracies. This approach will also revive communal life. For them, an America based upon responsibility to community will be a healthier society than contemporary liberalism's rights-based, "what's in it for me," philosophy.

If liberalism, with its large-scale bureaucracies, has failed to solve America's social problems, do we really want to return to bankrupt nineteenth century social philosophies? Libertarians project a future America of sparkling rural communities, where neighbors care for one another. But their glossy images mask today's urban realities — rising levels of poverty and homelessness; and the return
of nineteenth century diseases like tuberculosis. Libertarian practices often have a dark, sinister side that politicians choose to ignore. Glorifying rural communities, where they exist, are often private gated communities. Security systems, electronic eyes, and private security forces enforce the boundaries separating public and private places. Privatization appeals to those who can afford to wall off their homes and lives from the rest of America, but as a national social philosophy it is terrifying and barbaric.

The assault on public services is degrading our quality of life; we are moving further away from the goal of sustainability. While welfare recipients should receive incentives and skills for returning to paid employment, the Right's categorical demand that welfare mothers work for their checks is disturbing. Isn't parenting a full-time job? In healthcare, we remain the only industrialized country without a national program. Our nation's sophisticated system of healthcare technologies is indeed impressive. Too often its luster obscures our more basic needs for stronger preventive healthcare programs, inexpensive community-health care, and stronger consumer protection measures. In education, we are concerned that the assault upon public schools will intensify the growing gap between rich and poor communities. And in environmental policy, we are concerned that giving grants to environmental associations will become a substitute for strong enforcement of federal and state environmental standards.

If the corporate social agenda is so inadequate, how do we move forward? First, by restoring adequate funding levels for social services and reducing corporate welfare. We need progressive taxation to ensure that adequate funds are available for food, housing, healthcare, educational, and other programs. (See the previous section on taxation.) Social needs cannot be met from purely voluntary programs. We must commit significant sums of money on social services and social welfare.

How services are provided -- state bureaucracies, private agencies, or civic organizations -- is an arena where we favor experimentation. No matter what institutional form is selected, individual rights and democratic procedures must be paramount. As a general rule, we would prefer to see Long Island's network of community organizations expand their range of cultural, educational, and ecological projects through new public funding opportunities. We should also recognize the social value of volunteerism and family work through expanded tax credits or
opportunities for tradeable local currencies. Other activities, like policing, regulatory controls, and grade-school education, that require standardization should continue to be provided by publicly controlled agencies. Health care insurance coverage should also move in the direction of greater public control. Other activities, like government document processing and sanitary services, may ultimately work best through privatized service contracts. (See Appendix D: Public Health.)

We cannot move successfully in any of these directions, however, without addressing the racial divisions that plague Long Island as they do our entire nation. Racial communities are essentially isolated from one another, with little understanding and less coordination. Antagonisms are pervasive, and minority communities are rarely the focus of economic development, but often the site of unwanted enterprises and environmentally hazardous businesses. One prime example is Brentwood, where there are some 16 hazardous sites within a residential area of less than two square miles.

In addition, minority communities are rarely represented by minorities on official bodies. No wonder their concerns are not being adequately heard nor dealt with. In those few cases where minorities have obtained adequate representation — for example, on some local school boards — gross inequalities in available resources preclude their ability to adequately service their community. (Current problems in Roosevelt and Hempstead are prime examples.)

What is going on in Brentwood is happening country-wide and is a perfect example of environmental racism. Many members of minority groups live in communities blighted by dirty air, poisoned earth, and bad water. Three in every five blacks and hispanics live in neighborhoods with abandoned toxic waste sites. Environmental racism is facilitated by poverty, demoralization, and a lack of political power. Minority communities are deliberately targeted as sacrifice zones because they are under-represented on the local, state, and federal regulatory boards that determine where these plants are to be placed.

We need to begin to constructively address issues of environmental racism and other race-related problems which negatively affect minorities. The representation of minorities in the decision-making process is one necessary step, adequate funding for minority communities and services is another. In general, programs and resources must be targeted for minority areas that provide for economic
development and assist in community empowerment, none of which can happen without the active involvement of the community's leaders in decision-making processes.

In sum, our vision of sustainability requires recognizing both an obligation to community and a respect for individual rights. But what marks our program as radical is its insistence that community development play a much larger role in people's lives than private materialism and consumerism. One of the cornerstones of our economy is that unfettered markets lead to prosperity for all. Yet, standards of living have been stagnant in the United States for twenty years! A narrow focus upon financial wealth blinds us from seeing the importance of ecological and social capital in our lives. Investing and strengthening these "assets" are critical to maintaining balanced and diverse cultures and a high quality of life.

We have thus far only begun to sketch the outlines of an ecologically sustainable action plan for the creation of vibrant and healthy communities across Long Island. In the months to come, we will address in detail the vital and interrelated issues of education, race, health, social services, privatization and the recreation of public life and civic community. We invite the active participation of Long Island's concerned citizens in this truly representative process of democratic public planning and community revitalization. In conclusion, we hope all will join with us in being reminded of, and guided by, the admonition of Pericles, the great Athenian Statesman and proponent of democratic self-government, who commented that "we do not say that a man who takes no interest in his community is a man who minds his own business; we say that he has no business here at all." Let us all endeavor to make the re-creation of Long Island our common business.
APPENDICES

APPENDIX A: "How Superstore Sprawl Can Harm Communities"
How Superstore Sprawl Can Harm Communities

And what citizens can do about it

by Constance E. Beaumont

with a Preface by Richard Moe

National Trust for Historic Preservation
## Contents

Preface i

Introduction v

**Part One: Implications of Superstore Sprawl**

<table>
<thead>
<tr>
<th>Chapter One</th>
<th>Sprawl and Superstores: An Overview 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter Two</td>
<td>Problems with Superstores and Sprawl 7</td>
</tr>
<tr>
<td></td>
<td>Economic and Fiscal Impacts 7</td>
</tr>
<tr>
<td></td>
<td>Environment and Energy Impacts 9</td>
</tr>
<tr>
<td></td>
<td>Social and Cultural Impacts 10</td>
</tr>
<tr>
<td>Chapter Three</td>
<td>The Modus Operandi of Supersprawl Promoters 17</td>
</tr>
</tbody>
</table>

**Part Two: Strategy**

<p>| Chapter Four  | Local, State and Federal Laws 21 |
|               | Local Laws 22                    |
|               | State Laws 25                    |
|               | Federal Laws 28                  |
| Chapter Five  | Grassroots Organizing 31         |
| Chapter Six   | Media Strategies 39              |
| Chapter Seven | The “Property Rights” Issue 44   |</p>
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eight</td>
<td>Biting Down Like a Bulldog: Westford, Massachusetts</td>
<td>51</td>
</tr>
<tr>
<td>Nine</td>
<td>Bucking the Establishment: Greenfield, Massachusetts</td>
<td>57</td>
</tr>
<tr>
<td>Ten</td>
<td>Fending Off Mall Sprawl: Lawrence, Kansas</td>
<td>67</td>
</tr>
<tr>
<td>Eleven</td>
<td>Breaking Away from &quot;Formula&quot; Development: Cambridge, Massachusetts</td>
<td>71</td>
</tr>
<tr>
<td>Twelve</td>
<td>Reviving Downtown Main Streets: Holland, Michigan</td>
<td>79</td>
</tr>
<tr>
<td>Thirteen</td>
<td>Starting a Downtown Revitalization Program</td>
<td>85</td>
</tr>
<tr>
<td>Fourteen</td>
<td>Better Models from Around the Country</td>
<td>89</td>
</tr>
<tr>
<td>Fifteen</td>
<td>Resources and Publications</td>
<td>101</td>
</tr>
<tr>
<td>Appendix A</td>
<td>Economic and Fiscal Impacts of Superstores and Sprawl</td>
<td>104</td>
</tr>
<tr>
<td>Appendix B</td>
<td>Helpful Contacts</td>
<td>107</td>
</tr>
<tr>
<td>End Notes</td>
<td></td>
<td>117</td>
</tr>
</tbody>
</table>
Preface

One spring day in Mississippi, William Faulkner fired off a letter to his hometown paper, the Oxford Eagle. Outraged over a proposal to demolish Oxford's historic courthouse, Faulkner recalled another landmark torn down several years earlier:

It was tougher than war, tougher than the Yankee Brigadier Chalmers and his artillery and all his sappers with dynamite and crowbars and cans of kerosene. But it wasn't tougher than the ringing of a cash register bell. It had to go—obiterated, effaced, no trace left—so that a sprawling octopus covering the country from Portland, Maine to Oregon can dispense in cut-rate bargain lots, bananas and toilet paper.

They call this progress. But they don't say where it's going; also there are some of us who would like the chance to say whether or not we want the ride.

Though written in 1947, these words have a distinctly contemporary ring. They characterize the way many people feel today about the effects of modern superstores on the American landscape. As Gene Davidson, a resident of Berea, Ohio, wrote in a letter to me:

I believe that the "land that we love" is literally vanishing before our eyes. The present new construction rate of Wal-Mart, Super Kmart, Meijers, and others of the "superstore" breed guarantees an inevitable destruction of much of what we hold dear. Add to the new construction starts of the superstores all of the franchise operations, such as Subway, McDonalds, Taco Bell, etc., and you can project ten years down the road an intolerable situation. This country would eventually be virtually unrecognizable from what we knew as the United States just one generation ago.

The American retailing industry entered a new phase at some point during the last decade. Whereas the sixties and seventies had witnessed a proliferation of regional shopping malls in the suburbs, the late eighties and nineties have seen a rapid growth in sprawling discount superstores near the interchanges of major highways.

On the one hand, it is clear that these superstores are delivering something many Americans want: good products at low prices. Indeed, these operations could not succeed otherwise. People want and need the jobs they provide. Local governments want the property taxes and sales tax revenues they generate. To the extent that the discount superstores deliver affordable prices, create jobs, and strengthen local tax bases, the National Trust applauds them. They are filling a major market demand and doing so very well indeed.

On the other hand, it is clear that the low prices offered by many superstores include hidden costs. Having worked with local communities across the country on downtown revitalization efforts, the Trust has come to recognize that the scale, location, and design of these stores create major problems. These include:

• sapping the economic vitality of downtowns and main streets by shifting the retail center of gravity out to highway interchanges on the edge of town;

• displacing existing businesses, especially independently owned small businesses that contribute significantly to local civic life, by building stores vastly out of scale with a town's ability to absorb them;

• setting the stage for higher property and state income taxes by creating developments that are costly to serve.
and require new roads, water and sewer lines, police protection and other public services;

* causing the waste or abandonment of previous public and private investments in existing buildings, streets, parks and other community assets; and

* homogenizing America by building stores that have no relation to their surroundings.

The National Trust recognizes that the retailing world is changing. There are national and global economic forces at work that we cannot control, even if we tried. The Trust recognizes how important low prices and convenient stores are to American consumers, especially to those with modest incomes. In publishing this guide, we seek neither to turn the clock back on retailing nor to deny the advantages of modern retail discounters.

But can the consumer benefits provided by the superstores be achieved only through the creation of more urban sprawl and all that sprawl brings: traffic congestion, automobile dependence, air pollution, dispirited or dead downtowns, despoiled countrysides, and weakened community ties? Or could some of the benefits be provided without so much damage to the environment and local communities? We think these are questions that should be asked.

The National Trust's goal in publishing this guide is to point out that corporate retailers and communities have choices. National discount retailers can continue to create sprawl, or they can create stores that reinforce existing cities and towns. They can build cookie-cutter buildings that disregard their surroundings, or they can build stores that harmonize with their neighbors. Better yet, they can recycle existing buildings.

Communities have choices.

Retailers can continue saying to communities: "Here's the national (or regional) formula we use for our stores. Take it or leave it." Or they can listen to citizens and accommodate their desire to preserve the beauty and cohesiveness of their home towns. Retailers can continue to do things a certain way simply because that's how their competitors operate, or they can lead. An example of corporate leadership in the fast-food industry is the decision McDonald's made several years ago to abandon
the use of styrofoam containers for meals sold to the public. McDonald's decision made it easier for its competitors to follow suit. There is room for similar leadership in the discount retail industry.

And communities have choices. They can encourage or discourage certain types of development. If a community doesn't want superstore sprawl, it can take steps to prevent it. If a community wants a superstore, it faces a whole host of other questions relating to whether the store comes in on the community's terms. Where should the store be located? How big should it be? How much new retail space can the local economy absorb without suffering the negative fiscal and economic impacts created by a commercial glut? Can the store be designed to help preserve the community's livability and attractiveness? How can the store minimize negative environmental, cultural, scenic, fiscal and economic effects? Above all, what is the long-term impact of the decision?

As this guide makes clear, superstore sprawl is not the only option available to communities that want new growth, development, jobs and tax revenues. Some communities have accepted superstores but required them to fit in with their surroundings. Others have persuaded superstores to re-use historic buildings or to contribute to downtown revitalization programs. Still others have successfully opposed sprawl-type projects and won. The information in this guide is provided for those who would learn from the successes, and the setbacks, of others.

We hope this guide will encourage communities to be more aggressive in protecting the things that make them special, to be more insistent about obtaining the information they need to evaluate superstore proposals. Most of all, we hope to let citizens everywhere know that sprawl is not inevitable and that people can take actions to prevent it.

Richard Moe, President
National Trust for Historic Preservation
May 1994
Chapter One

Implications of Superstore Sprawl

Every community wants a stronger economy. With more money, a community can provide better schools, better services, and a better overall quality of life for its citizens. We expect new development—new jobs, new businesses, new industries—to help provide those economic benefits for our communities. But development comes in many forms, and each form has its own set of costs. The challenge involves encouraging new development to take place in ways that build on a community's existing resources rather than duplicating or destroying them. Opposing sprawl does not mean opposing economic development. In fact, it means exactly the opposite. It means guiding development in a manner that maximizes the economic benefits to a community.

What is Sprawl?

This guide defines sprawl as low-density, land-consumptive, automobile-oriented development located on the outskirts of cities and towns. Sprawl is a product of both public policies and private development practices. This guide focuses on the latter, but a few words on policy-caused sprawl are in order.

Sprawl and Superstores: An Overview

 Causes of Sprawl: Public Policies and Private Development Practices

Federal policies. Over the past 50 years, the Federal Government has put in place a broad range of programs that have had the effect, whether intended or not, of fostering costly and wasteful land-use practices. The Federal Government promotes sprawl through its housing policies, water and sewer grants, office location decisions, but mostly through its transportation policies.

For decades Washington encouraged America's auto dependence by promoting and subsidizing highway construction while failing to prevent the deterioration of rail transportation, public transit, and inter-city bus service. Although the Intermodal Surface Transportation Efficiency Act (ISTEA) passed by Congress in 1991 moves away from the statutory bias favoring highways over all other modes of transportation, highways still receive the lion's share of federal money. ISTEA requires state and local governments to consider the impact of transportation on land use, but not the impact of land use and urban design policies on transportation. Yet these policies are the horse, not the cart. They either open up or foreclose
Nationwide, three million acres of farmland are converted to other use every year. (Source: Timothy Egan, "Farmers Resist Paving their Fertile Valley," The New York Times, December 4, 1993)

- The nation currently has the equivalent of 3,800 vacant shopping centers. (Source: Land Use Digest, Vol. 25, No. 11, November 1992, Urban Land Institute)

- Between 1950 and 1980, when the American population increased by 50 percent, the number of their automobiles increased by 200 percent. (Source: Kenneth T. Jackson, The Crabgrass Frontier. Oxford University Press, 1985.)

- More than one-third of the Los Angeles area is consumed by highways, parking lots, and interchanges; in the downtown section this proportion rises to two-thirds. (Source: Jackson, ibid.)

- Nationally, from 1958 to 1980, the Federal Government spent $213 billion on highways, but only $23 billion on railroads and mass transit. (Source: Scott Bernstein, "Imagining Equity: Using ISTEA and the Clean Air Act,"

Environment and Development, American Planning Association, December 1993)

- By 1990, shopping center vacancies were running at almost 12 percent nationwide. Nevertheless, nearly 300 million square feet more was added that year to the nation's shopping center inventory, which comes out to a rate of a major 34,000-square-foot store every hour. At nearly 4.6 billion square feet of total store space, there is about 20 square feet for every person in America. A good half-billion of it sits empty. (Source: Robert Goodman, "The Dead Mall," Metropolis, November 1993)

- The shopping center industry is faced with excessive capacity. In response to the conspicuous consumption of the 1980s, retail floor space in North America grew by 80 percent, supported by only a 10 percent increase in population. (Source: Ian F. Thomas, "Reinventing the Regional Mall," Urban Land, February 1994)


- Every car needs an estimated 4,000 square feet of asphalt for parking and turning at home, work, and shopping. (Source: The End of the Road, by David G. Burwell et al. National Wildlife Federation, 1977)
opportunities for reducing automobile dependence and the sprawl that it creates.

Road design standards written by the American Association of State Highway and Transportation Officials and applied by most states promote sprawl by effectively mandating that streets be wider and more land-consumptive than necessary. These standards, which gloss over the safety of pedestrians, have undercut efforts to make communities more walkable.

The General Services Administration contributes to sprawl when it relocates federal agencies from older downtowns to the outer suburbs. So does the U.S. Postal Service when it unnecessarily abandons downtown and village center post offices for new buildings out by the interstates.

State policies. State transportation agencies contribute to sprawl by adhering to policies that unreasonably favor vehicular over pedestrian and public transportation modes. Communities are frequently pressed to accept road widenings that destroy compact, walkable main streets and encourage commercial strip development in outlying areas. Often when local governments turn to the state for help in repairing existing roads, they are told, “Yes, the state will help pay for the repairs, but only if you accept our plan to widen your main street, narrow your sidewalks, bulldoze your street trees, and eliminate the on-street parking that customers use to patronize your local stores.” This all-too-common scenario destroys the cohesiveness, pedestrian friendliness, and economic vitality of downtown main streets.

Also, like the federal General Services Administration, states are moving offices out of downtowns and into the suburbs, where they are accessible only by automobile. These actions weaken the economic health of the urban core, abet the push of new development into the countryside, and leave empty buildings behind.

Local policies. Local governments contribute to sprawl in various ways as well. Decisions by county governments to locate new courthouses on the outskirts of town help to foster sprawl. So do decisions by local school boards to locate and design schools so they are reachable only by car or school bus.

Well-crafted zoning policies are essential tools for protecting a
community's distinctive character, but those that make it impractical to move about except by car may work against this objective. By requiring inappropriately large front, side and rear yard setbacks, zoning ordinances often create excessive distances between buildings. Zoning ordinances that rigidly segregate residential areas from shops and stores, no matter how well-designed, virtually guarantee a community's auto-dependence. By allowing leap-frog development, zoning ordinances make it economically impossible for municipalities to provide public transit. That's because transit can succeed only where development is sufficiently dense and compact. By requiring parking spaces whose land area exceeds the entire square footage of the buildings they serve, zoning ordinances contribute still further to sprawl.

It is against the law in much of America to build tightly-knit communities that people love—places they feature on Christmas cards, places they visit by the millions in Europe, such as Salzburg and Paris, places like Cape Cod, Beacon Hill, downtown San Francisco and Charleston (S.C.).

Private Development Practices

Superstores and Value Retailing While recognizing that public policies figure prominently in the creation of sprawl, this guide focuses on private development practices. Its specific focus is the "superstore sprawl" being promoted so aggressively today by large national discount stores known variously as "value retailers," "superstores," "big box retailers" and "category killers."

Most of these stores have certain characteristics in common. First, they are very big. They range in size from 90,000 to 200,000 square feet or more. They generally do not locate downtown, but when they do, they sometimes simply bring sprawl into the city and overwhelm existing stores and buildings. They prefer to locate on land (often rezoned farmland) near the exits of interstate highways, even when vacant commercial space exists downtown. They generally use the same store design (typically, a windowless box) everywhere, regardless of its incompatibility with the surroundings. They usually insist on a single-floor layout, so the stores spread out over several acres. Neither located nor designed so people can walk or ride a bus to them, they require vast expanses of surface parking.

In Urban Land magazine, development analyst Dean Schwanke describes these discount superstores as "big-box 'power retailers' with strong advertising and promotional programs, and . . . oriented toward high volume rather than [price] markup as the way to make money." He classifies them according to three subgroups:

Discount Department Stores: These discounters sell department store merchandise at low prices. Examples include Wal-Mart, Kmart, and Target.

Category Killers: These are large specialty retailers that buy and sell in huge volumes at low prices. Many of them have direct relationships with product manufacturers by which they can eliminate middleman charges. Examples include Toys R Us, Circuit City, Crown Books, Home Depot, Sports Authority and Builders Square.

Warehouse Clubs: These are membership clubs that offer a variety of goods—groceries, electronics, office supplies, clothing, hardware and jewelry—at wholesale prices. Unlike discount department stores, which sell as many as 60,000 items, warehouse clubs provide a more
limited menu of 3,000 to 5,000 items. Three warehouse clubs dominate this industry: Sam’s Club, PriceCostco and Lowe’s. These stores range in size from 104,000 to 170,000 square feet and serve markets of up to 250,000 people.

People often refer to all three of these subgroups of discount stores as “superstores” because they are so big. This is the term this guide will use for huge discount stores — whether they be discount department stores, “category killers” or membership clubs.

“Power centers” are the large (250,000 to 750,000 square foot) centers in which superstores sometimes congregate.
APPENDIX B: "Starting A Neighborhood Revitalization Program"
Chapter Thirteen

Starting a Downtown Revitalization Program

One of the best long-term strategies for combating sprawl is to revitalize the downtown, the community’s traditional center of commercial, cultural, and social activity. Making downtown “the place to be” helps to attract businesses, shoppers, and appropriate development to Main Street.

Sometimes a downtown’s problems seem overwhelming to local citizens. By flooding the community with more commercial space than can reasonably be supported and by diluting the downtown’s economic vitality, sprawl can add to those problems. Yet downtown’s problems are not insurmountable. Rebuilding the historic commercial district’s economic strength simply requires persistence, collaboration, and a clear vision of what you hope to achieve.

By identifying the downtown’s major problems, then breaking large tasks down into smaller, achievable steps that gradually bring about positive, incremental change, a community can restore the downtown’s economic vitality and make downtown an exciting place to shop, conduct business, dine, live, and visit.

A successful downtown revitalization program will usually have these characteristics:

- A clear focus on a historic or traditional commercial district (either a downtown or a neighborhood commercial district)
- Comprehensive and coordinated design, promotion, organization and economic development activities
- Strong support from both the public and private sectors
- Broad-based community involvement and support
- A strong historic preservation ethic and a commitment to preserve the district’s historic commercial buildings
- Willingness to take risks and try new approaches
- Trained, professional staff, whose primary function is to coordinate the activities of committed volunteers
- An active and effective board of directors and committees

- An evolving track record of individual and overall successes in preservation-based commercial revitalization
- Ongoing contact, sharing information and affiliation with other local, state and national preservation-based commercial revitalization programs, through correspondence, memberships, volunteer service and conferences.

How should you get started?

Publicize the issue. Talk with community leaders. Hold a community meeting. Put together a slide show illustrating the successes other communities have had in revitalizing their downtowns, and show this to civic groups, school classes, local businesses, and others. Ask the local newspaper to write a series of articles about the downtown and its revitalization efforts.

Recruit participants. The downtown revitalization program must involve groups and individuals throughout the community in order to be successful. Main Street revitalization requires the cooperation and commitment of a broad-based coalition of public and private-sector groups.
businesses, civic groups, local government, financial institutions, the chamber of commerce, consumers, and many others. It also involves mobilizing a large number of volunteers to implement activities.

Form an organization. Sometimes an existing organization or institution can take on the downtown revitalization initiative. It's usually more effective, though, to create a new organization that focuses exclusively on the revitalization process and that is unhindered by an existing reputation or by the expectations and particular interests of existing members. The new organization should include broad-based community representation.

Identify barriers to downtown development. Ultimately, it should be as easy for a new business to locate downtown as it is to locate out on the strip. Examine your community's planning and land-use policies, financial programs, building codes, and other tools to see if they are regulatory or financial incentives that encourage sprawl instead of downtown development. List other problems affecting the downtown as well.

Develop a realistic, incremental work plan. Articulate what the community wants the downtown to achieve. Develop a written mission statement and three or four major goals. Then identify some high-priority, but achievable activities the organization can do to meet these goals. In the early years, try to include highly visible physical improvements and promotional events. Remember that you can't tackle all the downtown's problems in one year. Some problems may take years to overcome. Take one step at a time.

Measure your progress. Keep track of the amount of money invested in physical improvements and of the number of new jobs created and new businesses that open. Track the downtown's vacancy rate. Count the number of people who take part in promotional activities. Ask downtown businesses to let you know if their sales are increasing. Publicize the progress the downtown revitalization organization is achieving.

Be persistent. Downtown revitalization doesn't happen overnight. It's a gradual, incremental process. As your organization succeeds in mobilizing resources to tackle small problems, it will strengthen its capacity to confront bigger challenges.

This chapter was written by Kennedy Smith, director of the National Trust for Historic Preservation's National Main Street Center.
To help communities strengthen their downtowns and neighborhood commercial districts, the National Trust for Historic Preservation established the National Main Street Center (NMSC) in 1980. Main Street is a sustainable economic development program that encourages communities to conserve existing resources and to capitalize on their uniqueness. It urges communities to recognize that the features distinguishing them from other towns are economic assets that can provide a competitive edge in a marketplace dominated by monotonous sameness.

The National Trust’s Main Street program emphasizes the following four principles:

1. Economic Restructuring. Main Street must have a solid economic foundation. Existing downtown businesses need to sharpen their competitiveness while downtown organizations need to recruit new businesses, institutions, residents and others to diversify the local economic base.

2. Organization. No revitalization effort can succeed without a strong organization to support and guide it. This requires cooperation and consensus among all the important players—bankers, civic groups, government, merchants and individual citizens—to ensure that the downtown benefits from a community-wide vision of the future.

3. Promotion. Every successful entrepreneur understands marketing. To keep investors on board and cash registers ringing, Main Street must beckon visitors with a welcoming image. From simple graphics to sophisticated sales events and community festivals, the Main Street approach emphasizes taking advantage of the district’s unique heritage and personality.

4. Design. A critical goal of every Main Street program is to create a friendly, attractive environment that will keep visitors coming back. Signs, storefronts, landscaping, merchandising displays and promotional materials must all work together to encourage people to shop, stroll and linger downtown. In many communities, the design effort must include rehabilitation of commercial architecture, a precious asset that could be lost unless action is taken to counteract the effects of time and neglect. The Main Street approach emphasizes thoughtful design and a commonsense approach to the reuse of buildings to enhance the long-term appeal of the downtown.

More than 850 communities of all sizes in 34 states have worked with the National Main Street Center to rebuild and revitalize their downtowns and neighborhood commercial districts. The Main Street network helps communities learn from one another. Through a monthly newsletter, a telephone assistance service, and a comprehensive information file, the network gives citizens practical, tested information on a wide range of downtown revitalization issues.

For more information, contact the National Main Street Center, National Trust for Historic Preservation, 1785 Massachusetts Ave., N.W., Washington, D.C. 20036. Tel: (202) 673-4000.
APPENDIX C: "A Vision For The Future From The City Plan Process" (Vancouver)
A Vision for the Future From the CityPlan Process

AN INVITATION FROM VANCOUVER CITY COUNCIL
What kind of city do Vancouverites want in the future? What values do we have about the kind of city we want Vancouver to be 20 or 30 years from now?

Since 1992, CityPlan has been asking these and other questions in the most ambitious planning process ever undertaken by the City. 20,000 people have participated. The answers put forward have been bold, engaging, challenging, and insightful. They provided a wide context for the discussion of Vancouver's future.

The CityPlan process started with people's ideas, moved to the difficult choices people made about these ideas, then reviewed four alternatives for the future.

Now a draft CityPlan represents the results of that discussion. The draft CityPlan presents a comprehensive vision for Vancouver. The following pages are a brief summary of the draft plan.

In keeping with the participatory model of CityPlan, it will be your response to the directions and next steps outlined in the Plan that will make CityPlan happen in the months and years ahead. Once adopted, CityPlan will act as our guide as City Council, staff, and you, the people of Vancouver, work together to move Vancouver toward the vision.

Vancouver's future is important to all of us. So please take the time to read these pages. We welcome your comments and suggestions.

MAYOR PHILIP OWEN

COUNCILLORS
Don Bellamy
Craig Hemer
Gordon Price
Nancy A. Chiavario
Maggie Ip
George Pui
Sam Sullivan
Jennifer Clarke
Lynn Kennedy
Jenny Wei Ching Kwan

What's new in CityPlan?
- Neighbourhood centres - shops, jobs, and services close to where you live
- New housing downtown and in neighbourhood centres
- A healthier, safer city
- Community services delivered locally, not City staff on closer contact with you
- More planning to ensure our city is the greenest in the world and the cleanest in the city
City Plan is a Vision for the Future

And after two years of public discussion, the draft City Plan is here — a vision of the kind of city Vancouver could be 30 years from now.

During the public discussion, people said they want identifiable, livable neighbourhoods within the larger city, each with its own activities and its own look and feel. People seek connections between neighbours in a city where all ages, incomes, and cultures can feel at home. They want a city of economic opportunity and environmental sensitivity.

People also said they want a city where they have a greater say about issues affecting their lives and their communities. Think of City Plan as a partnership with City Hall and citizens working together to shape Vancouver in the years ahead. It will be a city with a keen eye on the bottom line that looks to innovative funding schemes to make sure we can afford the services the City provides.

The City Plan vision is divided into four major sections:

* A City of Neighbourhoods
* Sense of Community
* Healthy Economy—Healthy Environment
* Making City Plan Happen

City of Neighbourhoods

Vancouverites want a city of neighbourhoods — think of them as villages within the larger city, each with its own identity. To make these neighbourhoods happen, City Plan sets directions for neighbourhood centres, housing variety, and housing character.

Neighbourhood Centres

In all areas of Vancouver, the centres will provide a "heart" for each neighbourhood. Here, people will find shops, jobs, community services, public places, and housing for various ages and incomes. These centres will, for the most part, develop from existing shopping streets and centres people from the surrounding area to shop, work, meet with neighbours and friends, and participate in community activities.

Neighbourhood Housing Variety

Neighbourhood centres will provide a greater variety of housing in single-family neighbourhoods — townhouses, rowhouses, and apartments — for people at different stages of life and of different incomes. Older people will be able to stay in the community where they've lived most of their lives because a move to an apartment from the family home will mean moving down the block, not across town. More young people and young families will also be able to find a place in their familiar neighbourhoods and not need to move to the suburbs.

Housing being planned around the downtown will be built to provide more homes within walking distance of the many jobs downtown.

By accepting its share of regional growth, Vancouver will help reduce urban sprawl onto farmland and green lands up the Fraser Valley.

Distinctive Neighbourhood Character

Even with more people and more housing, Vancouver will retain much of its traditional look and feel — the trees and greenery, the heritage buildings and areas, the distinctive character of each neighbourhood, and the generally low-scale buildings away from the downtown.

Additional housing will be concentrated close to downtown in the new neighbourhood centres. Around these centres, traditional single-family areas will remain.

How the character of neighbourhoods develops will reflect the wishes of the people who live there. Working in cooperation with City Hall, neighbourhood residents will have a say in the types of new housing and the look of the neighbourhood.

Sense of Community

Vancouver residents want everyone to feel part of the community, to have access to services, and to live and work safely. To create a sense of community, City Plan sets directions for: accessible, community-based services, promoting safety, and diversifying public spaces.

Accessible, Community-Based Services

City Plan will help create a city where community services — health, recreation, libraries — are developed in collaboration with the people who use them. Services will be located in neighbourhoods where they are easy to get to. Various agencies and levels of government will work with residents to solve problems at the community level by tailoring services to meet individual and community needs.

Working Together to Promote Safety

City Plan will help Vancouver residents create a safer city — not just by reacting to crime, but by preventing crime before it happens. Community-based police officers, neighbourhood residents, and social agencies will work together on the social problems that often lead to crime. Neighbourhoods and developers will keep safety in mind when creating public spaces and new buildings.
Clean Air and Water
CityPlan participants put clean air and water as top priorities. People may also be asked to pay user fees for services like water and garbage collection to encourage conservation and reduce harmful impacts on the environment.

What’s New
Today in Vancouver industrial land is being redeveloped for housing and stores, reducing the variety of types of jobs available. Many people travel downtown to work. Long distances to travel, and lack of attractive options to the car, mean increasing congestion and pollution. What’s different about CityPlan is:

- Industrial lands maintained for industry with space for new, clean industries.
- More commercial and shopping areas in neighbourhoods.
- People and jobs located closer together to reduce traffic congestion.
- Vancouver also continues to encourage job creation in regional town centres to cut down on commuting into the city.
- User fees to help protect the environment.
- Streets are more friendly for walking, cycling, and transit.

The Challenges
- Attracting suitable businesses to neighbourhood centres.
- Reversing the trend of allowing housing and retail developments to replace industry.
- Improving transit services.
- Using cars less.
- Implementing tolls and charges to encourage conservation and transit use.
- Adjusting our lifestyles to reduce, reuse, and recycle to reduce the impact of city life on the environment.

**MAKING CITYPLAN HAPPEN**

Vancouver residents want a voice in decisions affecting them and their neighbourhoods, and they want a City administration that continues to make sound financial decisions.

People Involved in Decision-Making
Though City Council will still be the place major decisions are made, CityPlan will lead to more community involvement in decision-making. City staff located in the community will work together and with residents to shape service delivery. Residents will also play a major role in how their neighbourhood centres develop and what their neighbourhoods look like.

Financial Accountability
Vancouverites want a city that maintains a top notch financial rating and keeps spending under control. To move toward the vision without raising taxes means redirecting the City budget to gradually make CityPlan a reality. This means some parts of CityPlan will take longer to achieve than others.

**THE CITY IN THE REGION**

Vancouver residents want to do their share to help create a livable region, protect the region’s green zone for agriculture and recreation, slow urban sprawl, and cut down on car travel by creating more complete communities.

As the largest city in the region, Vancouver will continue to be the engine of the region’s economy and play a major role in achieving the Livable Region Strategic Plan.

CityPlan suggests that Vancouver accept a share of the region’s housing and job growth and provide for increased transit services.
FIND OUT MORE ABOUT CITYPLAN

This is a summary of the draft CityPlan. There are many ways to find out more about the Plan.

Obtain a copy of the full Plan from any branch of the Vancouver Public Library or from the CityPlan office.

Invite CityPlan staff to a meeting of your community, business, work, or other group.

Come to the Neighbourhood Drop-In near you.
Co-hosted with the Vancouver Fire Department, CityPlan Neighbourhood Drop-Ins will be held at these firehalls:

Saturday, March 11, noon - 4pm
Finnishl #19 at 4359 W. 12th Ave. (at Timbo)

Thursday, March 16, 4pm - 6pm
Finnishl #7 at 1090 Haro St. (at Thurlow)

Saturday, March 18, noon - 4pm
Finnishl #15 at 3003 E. 22nd Ave. (at Nooela)

Saturday, April 1, noon - 4pm
Finnishl #22 at 1006 W. 52nd Ave. (at Oak)

Saturday, April 8th, noon - 4pm
Finnishl #1 at 800 Headley St. (at Prior)

Attend the CityPlan Open House at City Hall

Monday, March 27th to Friday, March 31st
10am - 8pm and some evenings

Watch Rogers Community 4 and your community newspapers for ongoing coverage of CityPlan and more information on dates and times of Open House activities.

Find the Plan on the Internet (World Wide Web) at http://www.city.vancouver.bc.ca/

This summary is available in the languages listed opposite.

TELL CITY COUNCIL WHAT YOU THINK

City Council would like your advice and comments on the draft CityPlan and how to make it happen. All comments, along with the results of the public process over the past two years, will be assembled for Council.

You are invited to speak with City Councillors at CityPlan Neighbourhood Drop-Ins or at the CityPlan City Hall Open House (see dates and locations opposite).

You can send your comments by mail:

City of Vancouver
CityPlan Program
453 West 12th Avenue
Vancouver, B.C. V5Y 1V4

by fax at 604-873-7998

by e-mail to CityPlan@city.vancouver.bc.ca

by phone to record your comments:

English 871-6121
Can/Annex 871-6138
Hindi/English 871-6147
Spanish 871-6105
Vietnamese 871-6105
French 871-6104

c or drop off your comments at the City Hall Rotunda, Main Floor, 453 West 12th Avenue or at the CityPlan office, City Hall, East Wing, 5975 Victoria Street, 5th floor.

NEXT STEPS

Your comments on CityPlan and suggestions about how to make it happen will be considered by Council in May 1995. Council will then adopt a plan to guide future decisions.

While Council's approval will be the end of this phase of CityPlan, the task of making CityPlan happen is just beginning.

With CityPlan as a guide, Vancouver residents and City Hall can work together to shape neighbourhoods, services and jobs in ways that work best for everyone.

So take part.
And make a difference.
APPENDIX D: Free Trade

We first present the conventional interpretation of the benefits of Free Trade as presented by The Economist. We then offer in response the chapter on Free Trade in For The Common Good by Herman Daly and John Cobb.
SCHOOLS BRIEF

The miracle of trade

The most popular and most dangerous of all elementary economic fallacies is the claim that an unproductive economy may be harmed by free trade. This view misunderstands one of the oldest but most powerful deductions in economic theory: the principle of comparative advantage.

Proponents of even the smallest pretension claim an intimate acquaintance with the principle of comparative advantage—usually pointing out, wrongly, that it dates back to Adam Smith. Understanding why it is wrong to credit Smith with this crucial idea takes you a good way towards understanding the idea itself.

Smith was much concerned with the gains to be made from specialisation. Hence his interest in trade among people and nations: specialisation both requires and promotes trade. But what Smith said about specialisation was implicitly based on the idea of absolute, as opposed to comparative, advantage.

It is a common misconception that "if one country is very good at making hats, say, and another is very good at making shoes, then total output can be increased by arranging for the first country to concentrate on making hats and the second on making shoes. Then, through trade in both goods, more of each can be consumed in both places."

That is a tale of absolute advantage, such as Adam Smith might have told. Each country is better than the other at making a certain good, and so profits from specialisation and trade. Comparative advantage is different: a country will have it despite being bad at the activity concerned. Indeed, it can have a comparative advantage in making a certain good even if it is worse at making that good than any other country.

This is not economic theory, but a straightforward matter of definition: a country has a comparative advantage where its margin of superiority is greater, or its margin of inferiority smaller, than others. One imagines, is better than Bill Clinton at both sprinting and tennis—that is, he has an absolute advantage in both. Even so, the president has a comparative advantage in tennis, in which his margin of inferiority, however impressive, is presumably smaller. Conversely, Mr Lewis's comparative advantage is in sprinting, in which his margin of superiority is greater.

Across any range of athletic events, Mr Clinton would have no comparative advantage with respect to Mr Lewis only in the all-but-impossible circumstances that his margin of inferiority were exactly the same in each sport. As long as he is, as it were, relatively less bad at something, he is bound to have a comparative advantage in that activity.

Accordingly, when people say of Africa, or Britain, or wherever, that it has no comparative advantage in anything, they are confusing absolute advantage (for which their claim may or may not be true) with comparative advantage (for which it is certainly false).

Why does this confusion over terms matter? Because the case for free trade is often thought to depend on the existence of absolute advantage—and it is therefore thought to collapse whenever absolute advantage is absent. But economics (thanks to David Ricardo in the 19th century, not Adam Smith in the 18th) shows that gains from trade follow, in fact, from comparative advantage. Since comparative advantage is never absent, this gives the theory a far broader scope than most popular critics suppose.

In particular, it shows that even countries which are desperately bad at making everything can expect to gain from international competition. If countries specialise according to their comparative advantage, they can prosper through trade regardless of how inefficient, in absolute terms, they may be in their chosen speciality.

At first sight this is an implausible, not to say miraculous, finding. In economics, it stands apart. One distinguished practitioner has even called the principle of comparative advantage the "only result in economic theory that is neither trivial nor false."

That may be a little hard on the rest of economics, but it does suggest that the principle is worth the small effort required to understand it.

Speaking of which

Imagine a global economy comprising two countries, North and South. Each makes two goods, bread and wine, and has 100 workers, with no input but labour required for production. Assume that they are market economies but, to begin with, closed to foreign trade.

To proceed, an assumption about technology is required. North, it seems, could make 100 loaves a day if it devoted all its manpower to bread, and 100 bottles a day if it devoted all its manpower to wine. But it could also produce any intermediate combination (50 loaves and 50 bottles, say) in proportion. Its production choices are therefore shown by the line, which is called a production-possibility frontier, in chart 1. Exactly how much of each good it chooses to produce depends on the relative demand in North for bread and wine. Suppose demand is such that the economy chooses point A: 70 loaves and 20 bottles.

South is less efficient at making both goods. At one extreme, it could make 30 loaves a day, at the other, 90 bottles of wine. Suppose demand is such that it produces 20 loaves and 30 bottles—point B in chart 2.

With these facts, the rate at which bread will be exchanged for wine in each economy is known. In North this rate is 100 loaves to 100 bottles (that is, 1:1). In South it is 30 loaves to 90 bottles (1.3). These rates, which are the relative prices of bread and wine in the two economies, are shown by the slopes of the lines in charts 1 and 2.

Now suppose that the economies are allowed to trade with each other. What happens? Certainly, North is going to offer South some bread in exchange for wine. In North, a loaf sells for...
SCHOOLS BRIEF

It's all comparative

<table>
<thead>
<tr>
<th>Country</th>
<th>Exchange</th>
<th>Bread</th>
<th>Wine</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>1.00</td>
<td>0.70</td>
<td>0.50</td>
</tr>
<tr>
<td>South</td>
<td>0.75</td>
<td>0.50</td>
<td>0.35</td>
</tr>
<tr>
<td>World</td>
<td>1.00</td>
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</tr>
</tbody>
</table>

None of this depends on the particular price set in the market. That will be determined by the pattern of trade in bread and wine. The price will settle at whatever level is needed to balance North's exports (South's imports) of bread with North's imports (South's exports) of wine. We know that this value will lie between 1.0 and 1.2. For illustrative purposes, suppose the price does turn out to be 1.2, as in charts 3 and 4. Then charts 5 and 6 show a possible outcome.

Each economy moves from its initial production at A to complete specialization at B. From there, with prices changing to balance the flows of goods, each economy trades along its (shifting) consumption frontier to point C. There, equilibrium is achieved at a price of 1.2, with both economies consuming more of both goods than before.

For greater clarity, the numbers in charts 5 and 6 are also set out in the table. The highlighted numbers are what really matter. Because of trade, North consumes five more loaves and 20 more bottles of wine than before. Unproductive South consumes five more loaves and ten more bottles of wine. There you have it: the gains from trade.

Free and fair trade

Those suspecting sleight of hand may still find it confusing that South can sell wine in competition with North, even though North has become more efficient. The answer to this puzzle, embedded in the foregoing analysis, is wages.

Recall that, after trade, South's 100 workers make 90 bottles of wine a day. So their daily wage must be nine-tenths of a bottle. (By assumption, there are no other factors of production: workers receive all output as wages.) North's workers make 100 loaves, so they each earn one loaf a day; at the after-trade price, that is equivalent to two bottles of wine. In other words, wages in South are less than half wages in North.

The difference is enough to offset South's low productivity in wine, making it a 'competitive' supplier. But the difference is not enough to offset South's low productivity in bread. This is just another way of saying that North has comparative advantage in bread, and South in wine.

Unequal wages may be an efficient basis for trade, but are they a just one? It is often argued that such trade is unfair on North, because its suppliers are being undercut by Southern sweatshop labour. The same logic, slightly twisted, yields the opposite complaint: trade is unfair on South, because its workers are being exploited.

The best answer to both arguments is simply to point out that, "fair" or not, trade raises incomes in both countries. Victims of injustice and exploitation should always be lucky.

REality calling

IN THE real world, the power of comparative advantage seems weaker than the simple model of trade implies. For instance, countries specialise less than you would expect. There is less of "intra-industry" trade—France sells cars to Germany and vice versa. And competition from foreign suppliers does sometimes lower wages in the importing countries.

More complicated versions of the model account for these apparent anomalies. Moving from two goods and countries to many greatly complicates the math, but otherwise changes little. A bigger point is that in the real world labour is not the only factor of production: it works with capital (and maybe other factors too). As a result, diminishing returns (extra inputs yield ever smaller additions to output) must be taken seriously. It follows that the production-possibility frontier is not in general a straight line, but a curve bending outwards in the middle. This in turn implies that complete specialisation is unlikely. As the consumption frontier moves upwards (see charts 3 and 4), the country shifts production in accordance with comparative advantage—but gently, not abruptly to point C.
against free trade that we find compelling and that we believe Adam Smith and David Ricardo would have found compelling also had they lived in a world of free capital mobility, demographic explosion, ecological stress, and nation-states unwilling to cede any sovereignty to a world government. We will begin with a review of the Smith-Ricardo (classical) position, which, with a few minor neoclassical wrinkles regarding imperfect competition and increasing returns to scale, remains the dominant view today. The theme of individualism versus community emerges nowhere more clearly than in the issue of free trade.

Adam Smith saw that prosperity was dependent on specialization. It was this specialization that made workers more productive. By each one efficiently producing one thing, there were more goods and services go around. But this could not happen unless there was a market for the goods. The more specialized the production, the larger the market needed to assimilate it. The division of labor is limited by the extent of the market, to use Smith's famous phrase. Thus there is a high correlation between the size of markets and the extent to which specialization can occur, and between both and prosperity.

The argument for high specialization and large markets does not stop with national boundaries. The same advantages that are gained by trade among free citizens within the nation apply without change to exchanges between citizens and firms in different nations. The ideal is a completely open global market in which goods and services pass freely over all national boundaries.

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**Free Trade versus Community**

This theory, of course, does not take account of limits imposed by finite resources and sinks on the aggregate physical scale of the economy. In Adam Smith's day it would have been foolish to consider such remote limits. Today it is foolish not to consider them, and we have examined these limits in earlier chapters. Here we will consider other problems with this widely supported ideal of free trade.

The claim in favor of completely free trade is that it is advantageous not only to both participants but also to the communities as a whole. The argument requires close attention. Often it is explained in terms of Robinson Crusoe. Crusoe is able to support himself on his own island. But suppose that there are other Crusoes on neighboring islands. They find that they produce different goods because they have either different preferences or different endowments of natural resources. None of them will trade with one another unless they have greater need or desire for the goods they receive than for the goods they give in exchange. On the basis of the exchange all will be better off. Hence the more exchanges among them the better. Further, if one finds that he can produce something desired by others in greater quantity by concentrating on it, he will do so and receive in exchange more goods from the others than he loses by concentrating only on that one. The process of specialization begins with total production increasing and all Crusoes benefiting.

The Crusoe model is designed to show that trade is always beneficial to the individuals who engage in it and it increases the total amount of goods to be distributed among them all. Of course, they might not all benefit equally. One might prosper greatly while another did not. But none would suffer, since, unless the trading were to one's benefit, one would desist.

Consider now what happens at the national level. The Crusoe model in itself does not tell us whether all nations will benefit by trade. It tells us only that the traders will benefit and that the total product of the region included in the unified market will grow. It does not guarantee that the product of each of the countries will grow, for the regionally increased gross product might be very unevenly distributed. Nor does it guarantee that Crusoe A and Crusoe B might not make a mutually beneficial trade at the expense of Crusoes C, D, and E. This is the case of "externalities" already discussed.

To sharpen the issue as to the desirability to individual nations of free international trade it will be well to state clearly what is not at issue. Returning to the Crusoe example and allowing Crusoe and his island to represent a nation, the question is not about the first stage of the trade.
Free Trade versus Community

I sympathize, therefore, with those who would minimize, rather than with those who would maximize, economic entanglement between nations. Ideas, knowledge, art, hospitality, travel—these are the things which should of their nature be international. But let goods be homespun whenever it is reasonably and conveniently possible; and, above all, let finance be primarily national.

J. M. Keynes

The Principle of Comparative Advantage

No economic doctrine is more widely accepted among economists than that of free trade based on comparative advantage. According to MIT economist Paul Krugman, “If there were an Economist’s Creed it would surely contain the affirmations, ‘I believe in the Principle of Comparative Advantage,’ and ‘I believe in free trade’” (1987, p. 131). The pure logic of comparative advantage, within the world of its assumptions, is unassailable. Nine times out of ten the arguments of those who favor tariffs, quotas, or other trade restrictions can be exposed as self-serving and against the public interest. Nevertheless, there is a legitimate case for protection.

1. Several questions have nevertheless been raised recently by economists, casting doubt on this article of faith. For one thing, nations with identical economies would not trade in a world governed by comparative advantage. Yet similar economies in the real world do not seem to trade less with each other than do very different economies. Also, the principle of comparative advantage as the rule governing all specialization has come under attack by Glenn M. McDonald and James R. Markusen. They point out that in theory the workers in a firm should be assigned to specialized tasks according to their comparative advantage. Yet, as they point out, “It is not persuasive that the employee with the highest comparative advantage in management should become president. It is plausible that the presidency assignment will have something to do with absolute advantage... a person with poor management skills will not be chosen even if he is relatively worse at every other task in the
If one nation, lying in the tropics, produces an abundance of bananas, mangoes, but no apples and pears, and another in the temperate zone, produces apples and pears but no bananas and mangoes, then there are obvious advantages to both in exchange. Economists have never found a need to prove this.

What economists want to show is that even when both nations produce all the goods under consideration, it is nevertheless to their advantage to specialize and exchange. Again, the case is easily made if one nation can grow a crop cheaply in the field whereas another must go to great expense to raise it in a hothouse. The difficult issue arises when one nation can produce both the commodities in question more cheaply than the other. There seems, then, to be no incentive to trade.

Economists have undertaken to analyze this situation more closely, and to demonstrate that, despite superficial appearances, both nations benefit in free trade. To do so they introduce the principle of "comparative advantage." The argument, if not the name, goes back to Ricardo. His example, trade between England and Portugal, Portugal is presented as the most advanced economy, capable of producing both wine and cloth with less labor (therefore less cost) than England. His argument is that, nevertheless, it is to the advantage of both Portugal and England that Portugal specialize in wine and England in cloth and that they exchange the products. His reasoning is as follows.

England may be so circumstanced, that to produce the cloth may require the labor of 100 men for one year; and if she attempted to make the wine, it might require the labor of 120 men for the same time. England would therefore find it in her interest to import wine, and to purchase it by the exportation of cloth.

To produce the wine in Portugal, might require the labor of only 80 men for one year, and to produce the cloth in the same country might require the labor of 90 men for the same time. It would therefore be advantageous for her to export wine in exchange for cloth. This exchange might even take place, notwithstanding the commodity imported by Portugal could be produced there with less labor than in England. Though she could make the cloth with the labor of 90 men, she would import it from a country where it required the labor of 100 men to produce it, because it would be advantageous to her rather to employ her capital in the production of wine, for which she would obtain more cloth from England, than she could produce by diverting a portion of her capital from the cultivation of vines to the manufacture of cloth. [Ricardo 1951, p. 135]

What is illustrated here is called "comparative advantage." Portugal has an absolute advantage in the production of both wine and cloth, and

Portugal has a comparative advantage in the production of wine. The comparative advantage justifies Portugal's importing cloth from England, and England's importing wine from Portugal. If the cost ratios had been equal between the two countries, no trade would occur, regardless of the differences in absolute labor costs. It is the difference between the two countries' internal cost ratios that defines comparative advantage and limits the range of the terms on which wine and cloth will be exchanged. Portugal will not trade wine for cloth on terms less favorable than its own internal cost ratio (1 wine = 80/90 or .88 cloth). Nor will England trade on terms less favorable than its internal cost ratio (1 wine = 120/100 or 1.2 cloth). Bargaining will determine where between these limits the terms of trade will lie. Portugal will push toward England's internal cost ratio, and England will push toward Portugal's internal cost ratio. The terms of trade determines who gains most, but both countries gain something, or at the very least, are no worse off.

The argument is ingenious and, given the conditions it presupposes, no doubt true. In the real world, however, these conditions are not always met. For example, suppose that Portuguese capital continued to flow to wine. Eventually the market would be satisfied. The price of Portuguese wine on the world market would fall, so that, however efficiently it is produced, profits would decline. The Portuguese capitalists would look for new areas of investment. Since they have an absolute advantage in cloth as well, capital would flow to cloth and the English cloth makers would be put out of business. In actual fact this quest of capital for additional investment opportunities has come to characterize the real world more than the picture presented by Ricardo.

The Dependence of Comparative Advantage on Capital Immobility

The second qualification is noted already by Ricardo. He emphasizes that the principle of comparative advantage cannot work within a single country, and he asks why it can, then, work internationally. "The difference in this respect between a single country and many, is easily accounted for, by considering the difficulty with which capital moves from one country to another, to seek a more profitable employment, and the activity with which it invariably passes from one province to another in the same country" (Ricardo 1951, p. 136). Obviously if capital flowed freely across national boundaries, the situation internationally
would be the same as that within a single country. English capital would flow to Portugal to supplement Portuguese capital, and both wine and cloth would be produced there. If labor also flowed freely across national boundaries, English labor would also go to Portugal, since there would be no employment in England.

In today's world, national boundaries do not inhibit the flow of capital investment, but they do inhibit the flow of labor, though less so than in Ricardo's time. Ricardo did not discuss the effects of this situation. The free flow of capital and goods (instead of goods only) means that investment is governed by absolute profitability and not by comparative advantage. The absence of a free flow of labor means that opportunities for employment decline for workers in the country in which investments are not being made. This represents a more nearly accurate account of the world in which we live than does the principle of comparative advantage, however applicable that may have been in Ricardo's day.

Ricardo points out that if capital were as freely mobile between England and Portugal as between London and Yorkshire, then trade between the two countries would be governed by the labor theory of value (absolute advantage in terms of labor costs) rather than by comparative advantage. Everything that differentiates domestic from international trade depends, for Ricardo, explicitly on the international immobility of capital (labor immobility between nations was taken for granted). Moreover, Ricardo's explanation of capital immobility invokes the theme of community: "Experience, however, shews, that the fancied or real insecurity of capital, when not under the immediate control of its owner, together with the natural disinclination which every man has to quit the country of his birth and connexions, and intrust himself with all his habits fixed, to a strange government and new laws, check the emigration of capital. These feelings, which I should be sorry to see weakened, induce most men of property to be satisfied with a low rate of profits in their own country, rather than seek a more advantageous employment for their wealth in foreign nations" (Ricardo 1951, pp. 136–37).

For Ricardo it is the force of community that keeps capital at home even in the face of higher profits abroad. Furthermore he affirms that he would be sorry to see these feelings of community weakened. Perhaps he already suspected that they would be weakened by the individualistic postulates of classical economics and its faith in the invisible hand's ability to transform private vice into public virtue.

Interestingly, the famous invisible hand passage in Adam Smith also occurs in the context of a defense of free trade. Smith takes it for granted that it is in the public interest for national capital to be employed at home, and then goes on to show that, by and large, because of the same community attachments to the home market mentioned by Ricardo, the capitalist will find it in his own personal interest to invest at home. As Smith put it: "By preferring the support of domestic to that of foreign industry, he intends only his own security; and by directing that industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was no part of his intention" (Smith 1776, p. 423).

Smith presupposes that the capitalist is first and foremost a member of the national community. Smith's capitalist is so thoroughly British, that his very personal identity is defined by internal relations of community with "the country of his birth and connexions." It is not the competitive external relations of the cash nexus that generate the invisible hand in this case, but rather the internal relations of community that constitute this capitalist's very identity. Of course he acts in his self-interest, but when the self is constituted by internal relations of community it is not surprising that private interest should promote community welfare. The invisible hand, in this classic statement at least, presupposes the force of community operating within the personal identity of the individual capitalist. By his very self-identity the capitalist feels a "natural disinclination" to invest abroad, and therefore invests at home for his own satisfaction and security, and incidentally promotes the general welfare even though that was not his direct intention.

It is clear that Smith and Ricardo were considering a world in which capitalists were fundamentally good Englishmen, Frenchmen, and so on—not a world of cosmopolitan money managers and transnational corporations which, in addition to having limited liability and immortality conferred on them by national governments, have now transcended those very governments and no longer see the national community as their context. They may speak grandly of the "world community" as their residence, but in fact, since no world community exists, they have escaped from community into the gap between communities where individualism has a free reign. They have no "natural disinclination" to move their capital abroad with the speed of light at the stimulus of a tenth of a percent difference in rate of return. If Smith or Ricardo were alive today we suspect that they would not be preaching free trade. The whole basis for their case, factor immobility, has been eroded by time.
Policies for Community and change. They were above all else realists who paid close attention to actual conditions. Their intellectual progeny, however, are idealist ideologues, and logicians. Academic economists have become so enamored of the logical argument for comparative advantage (a beloved postscriptum in the standard pedagogy) and find it so ideologically in tune with their unrelenting celebration of the free market, that they are loath to reexamine it. They have suppressed recognition of the fact that the empirical cornerstone of the whole classical free trade argument, capital immobility, has crumbled into loose gravel.

We can give personal testimony to the difficulty of freeing the mind from the free trade/comparative advantage dogma, but more impressive is the testimony of Keynes, who tells us that in 1923 he regarded free trade "not only as an economic doctrine which a rational and instructed person could not doubt, but almost as a part of the moral law." Ten years later Keynes was writing in support of national self-sufficiency:

It does not now seem obvious that a great concentration of national effort on the capture of foreign trade, that the penetration of a country's economic structure by the resources and the influence of foreign capitalists, that a close dependence of our own economic life on the fluctuating economic policies of foreign countries, are safeguards and assurances of international peace. It is easier in the light of experience and foresight, to argue quite the contrary...Advisable domestic policies might be easier to compass, if, for example, the phenomenon known as "light of capital" could be ruled out. The divorce between ownership and the real responsibility of management is serious within a country when, as a result of joint-stock enterprise, ownership is broken up between innumerable individuals who buy their interest today and sell it tomorrow and lack altogether both knowledge and responsibility towards what they momentarily own. But when this same principle is applied internationally, it is, in times of stress intolerable—I am irresponsible towards what I own and those who operate what I own are irresponsible towards me. (Keynes 1933, pp. 233-30)

By 1933, Keynes had clearly come to recognize the conflict between community and free trade, and had become "doubtful whether the economic cost of self-sufficiency is great enough to outweigh the other advantages of gradually bringing the producer and consumer within the ambit of the same national, economic and financial organization" (Keynes 1933, p. 238). Keynes was clearly articulating the viewpoint of economics for community.

But since then we have retrogressed on this front. The modern textbook explanations of free trade and comparative advantage make no mention of the assumption of factor immobility. Perhaps one reason this central assumption is overlooked is that frequently the principle is explained in terms of specialization between individuals. A classic example is a lawyer who is a better typist than her secretary. Even though the lawyer has an absolute advantage over the secretary both in knowledge of the law and in typing, she nevertheless finds it advantageous to specialize in law (her comparative advantage) and employ the secretary to do the typing. Since there is no possibility for labor power or any other productive capacity to flow out of the secretary and into the lawyer in response to absolute advantage, the assumption of factor immobility is guaranteed, and the principle of comparative advantage works. But the argument cannot be generalized to nations without the explicit requirement that their productive capacities (factors) not flow across national boundaries.

Consider, for example, the dismissal of the "low-wage foreign labor fallacy" found in one of the best and most widely-used texts: "Stop and think what the argument would imply if taken out of the international context and put into a local one, where the same principles govern the gains from trade. Is it really impossible for a rich person to gain from trading with a poor person? Would the local millionaire be better off if she did all her own typing, gardening, and cooking?" (Lipsy, Steiner, and Purvis 1987, p. 795). In the next paragraph we are assured that "gains from trade depend on comparative, not absolute advantages," which is all very well if capital is immobile. But there is not a word in the discussion about international mobility of factors. Moreover, the shift of context from nations to individuals, far from illuminating the situation, obscures it by abstracting from the very possibility of transfer of productive capacity between the exchanging entities. The fallacy of misplaced concreteness once again!

Another factor greatly complicates the picture. In Ricardo's day, it could be assumed that basic labor costs everywhere represented subsistence wages. Thus the real cost of producing goods could be measured in hours of work. Ricardo's labor theory of value, later taken over by Marx, was both intuitively plausible and also fairly simple to use.

But as a result of growing prosperity, labor unions, and government intervention, the wages for labor in some countries rose far above subsistence. When capitalists today seek the most profitable use of their money, they will not ask primarily how many workers are required to make the product, but what the cost of labor will be in each alternative capital investment. Ricardo could ignore comparative wage scales in Portugal and England. The logic of comparative advantage can ignore
the units in which cost is measured (since they cancel out in calculating the internal cost ratios in each country). But in moving from labor units to money wage costs, we break the connection between efficiency and cheapness. A country's absolute advantage may now depend simply on low wages (low standard of living) rather than on more efficient use of labor.

Given the great importance of trade to the nations involved and the rapidly changing global situation, economists would have done well to check the assumptions underlying the principle of comparative advantage against the facts. This is particularly true since the policies they have recommended have worked against the conditions under which "comparative advantage" functions. Most of these policies are based on considering the gains of extending as broadly as possible the area of free trade so as to realize the advantages of specialization. National boundaries are to be reduced in importance for economic activity, as far as possible. On the other hand, as Ricardo recognized, it is only when national boundaries play an important role (limiting capital and labor mobility) that the principle of comparative advantage replaces absolute advantage. It will not do to advocate every move toward setting aside national boundaries in the economic order in the name of a principle (comparative advantage) that itself depends on the functioning of these very boundaries. That principle depends not only on free trade of goods, but also on national limits on the movement of both capital and labor. We now have free trade of goods and free movement of capital. It is disappointing that economists have provided so little guidance for rethinking what happens to nations involved in free trade in this quite different situation. An exception is John M. Culbertson, whose writings we have found highly instructive (1984). Unfortunately Professor Culbertson's forceful and cogent challenge to the free trade dogma has been so aggressively ignored by his fellow economists that he had to publish his book himself. We draw freely upon his work in this chapter. For reasons elaborated in Chapter 1, we are not surprised by the treatment Professor Culbertson's work has received from academic economists.

Free Trade's Effects

The effect of free trade is to equalize prices of traded commodities within the free trade area, allowance being made for transport costs. Tariffs have the same effect as an increase in transport costs, driving a wedge between prices in different countries and preventing complete equalization. The same tendency to equalize prices also holds for factors of pro-

duction, even when the latter do not cross national boundaries. This is recognized in the so-called factor price equalization theorem, which was not a part of classical economics, but was added to neoclassical theory by Bertil Ohlin (1933). That free trade in goods and services should tend to equalize prices of immobile factors is not so surprising if one remembers that trade in goods and services is ultimately trade in the factors of production they embody. Countries tend to export products embodying relatively large amounts of their most abundant factors of production. This means that the demand for those abundant factors derived from exports to foreigners is added to domestic demand, thus diminishing their initial cheapness. Likewise the importation of products whose home production would have required relatively large amounts of the scarce factors tends to reduce the initial relative scarcity and expensiveness of those factors.

When free mobility of one factor of production, say capital, is added to the free flow of goods, however, then the tendency to equalize prices of factors of production becomes very strong. The highly mobile factor is capital. Labor is less mobile but by no means immobile, as anyone can tell by casual observation of the number of Mexicans, Vietnamese, Iranians, and other foreigners working in the United States, not to mention "guest workers" in northern Europe.

Free mobility of either capital or labor has the same consequence: equalization of both wages and returns to capital. Labor can move to where the capital is and compete for the high-paying jobs, bidding down the high wages, or capital can move to where the cheap labor is and bid up the low-wage rate. The tendency toward equalization of wages is completely obvious in the case of free labor migration and only slightly less obvious in the case of free capital mobility. Those who advocate free trade and free capital mobility are simultaneously advocating equalization of wages.

What is wrong with equalizing wages? Of course wages in high-wage countries will fall, but wages in low-wage countries will rise. Is that not...
a good way of sharing—"production sharing," as some business consultants call it. It is indeed a form of sharing, but "wage sharing" would be a better name. The laboring class in the high-wage country shares its wages and standard of living with the masses of Third World workers. The capitalists in the high-wage country benefit from cheaper labor first abroad, and then at home as well. They are not sharing with cheap foreign labor, and are able to reduce their previous level of sharing with the laboring class of their own national community. Some few U.S. laborers may own enough capital so that what they lose as laborers will be compensated by what they gain as capitalists. But that is a rare case.

Keynes made an interesting parallel argument in terms of the interest rate, rather than wages (1933). Capital shortage in poor countries would, in a free trade regime, exert upward pressure on interest rates in wealthy countries that need a very low interest rate to maintain full employment. This may indeed be part of the explanation for today's unemployment in wealthy countries.

To appreciate the enormous breach of community implicit in modern free trade, consider what the U.S. capitalists are, in effect, telling the U.S. laborers. They are saying that labor has to compete in the world market against the poor masses in the overpopulated Third World countries such as Mexico, Brazil, Hong Kong, and so on. No longer will U.S. labor have the advantage of superior technology or management, because those attributes move with capital. Furthermore, an enormous reservoir of cheap labor in India and China, almost half the world's population, has not yet competed in the world labor market, and is about to enter. India, under British colonialism, was not allowed to compete in world trade. China, under Mao, followed a policy of isolation from the world market. Both countries now appear to be entering the world market, with the competitive advantage of very low wages. In addition, the already large populations of Third World countries are for the most part still growing rapidly, providing a virtually unlimited supply of cheap labor. Equalization of wages means that U.S. and European and Japanese wages fall to the Third World level, and that the Third World level rises hardly at all. By making the world of separate national communities into a single, common, overpopulated labor pool in the name of free trade, the United States would compete away the high standard of living of its working class—the majority of its citizens.

A high standard of living is not the only good thing that depends on community. Once community is devalued in the name of free trade, there will be a generalized competing away of community standards.

Social security, medicare, and unemployment benefits all raise the cost of production just like high wages, and they too will not survive a general standards-lowering competition. Likewise, the environmental protection and conservation standards of the community also raise costs of production and will be competed down to the level that rules in overpopulated Third World countries. Free trade, as a way of erasing the effect of national boundaries, is simultaneously an invitation to the tragedy of the commons. Few people would advocate free migration because they can intuitively see the tragic consequences. Free trade and free capital mobility have exactly the same consequences for wages and community standards, but are widely advocated in the false belief that comparative advantage guarantees mutual benefit.

International trade, despite the name, is not trade between nations, but trade between individuals that crosses national boundaries. The individual, not the nation, is the decision-making unit. Mutual advantage between individuals in different countries does not guarantee mutual advantage for the two countries. Trading between General Motors and General Electric takes place between two corporate entities, two communities. Individual employees of the two corporations do not freely make deals in their own interests across corporate boundaries. Each corporation's officers review all deals to make sure they are in the overall interest of the organization. Nations also need such an overall control, a measure that free trade would prohibit. International trade should be an activity carried out between national communities, just as intercorporation trade is between corporations, not between individuals acting in their own behalf across corporate or national boundaries often at the expense of other members of their communities.

Consider, for example, a U.S. firm that moves its production across the Rio Grande into Mexico. It lays off U.S. workers earning 10 to 12 dollars per hour and hires Mexican workers at less than two dollars per hour. The U.S. capitalist-owner is much better off, the Mexican workers are slightly better off, and the U.S. worker is much worse off. Does this firm want to integrate itself into the community of Mexico, and sell in the Mexican product market as well as buy in the Mexican factors market? By no means. The firm does not want to be an integral member of either community. It wants to take advantage of high incomes in the U.S. product market while failing to contribute to the maintenance of that high-income market by buying labor in the U.S. factors market. Nor does it wish to provide a product suitable for
raising the standard of living in the low-income Mexican market. The
community nature of the issue is made obvious by asking what would
happen if all U.S. firms bought labor in low-income Mexico and sold
their product in the high-income United States? Clearly the United
States would cease to be a high-income country. Would Mexico then
become the high-income country? Its wages would tend to equality
with the now lower U.S. wages. Both countries' common wage level
would then depend on whether Mexico controlled its population growth,
and on whether a demoralized U.S. population would maintain its low
fertility, or, in the face of growing insecurity and loss of social insur-
ance, would revert to high fertility patterns as wages declined toward
subsistence.

Before we address the question of proper trade policy, let us consider
another realistic scenario of the likely future consequence of free trade.
The United States' trade with Japan can provide the example. Elec-
tronics and automobiles can function as illustrations. Let us consider
the actual situation in light of the limitations of the principle of com-
parative advantage as formulated by Ricardo.

First, in Japan and the United States, there is plenty of productive
capacity to meet needs for automobiles and electronics. To invest more
capital in either automobile or electronic production in Japan will not
be to meet needs for increased production, since there is already surplus
capacity; it will be to insure a stable or growing share of the interna-
tional market at the expense of other producers. Suppose that Japan
has an absolute advantage in both electronic and automobile produc-
tion, but that the United States has a comparative advantage in auto-
mobile production. Will that provide any incentive for Japanese inves-
tors to produce only electronics and import their cars from the United
States? Obviously it does not function in that way. There is enough
Japanese capital to invest everywhere that Japan has an absolute advan-
tage. Should there be a shortage, international capital, including that
from the United States, is happy to flow in to make up the difference.

In obtaining absolute advantage over the United States in so many
fields, Japan benefited at one time from lower labor costs. This meant
lower wages as measured by the exchange rate of the currencies of the
two nations. Japan did not initially enjoy greater productivity of labor in
most fields. However, as Japanese income from exports rose, more capital
was invested in Japanese industry, and productivity improved. It
now exceeds that of the United States in most industries. Hence wages
could rise, and have risen considerably, while Japan has maintained and

Free Trade versus Community
increased its absolute advantage. (An additional factor in productivity is
superior management and worker participation, but we will omit this in
order to simplify the presentation.)

In the context of unrestricted imports into the United States (punctu-
ated, of course, by protectionist moves), the result has been that the bal-
ance of trade between the two nations is extremely favorable to Japan
and extremely unfavorable to the United States. Such a bilateral pattern
of trade could be sustained indefinitely only if it were balanced out mul-
tilaterally in the wider market. But in fact Japan maintains a favorable
balance with most of its trading partners, and the United States an un-
favorable one. The pattern can be continued for some time because of
the great accumulated wealth of the United States and its ability to bor-
row money on the international markets, especially from Japan itself,
which finances some 25% of the U.S. federal deficit. Also the fact that
the dollar functions as an international currency means that most na-
tions hold dollar balances for transaction purposes. These balances con-
stitute an interest-free loan to the United States, which further eases bal-
ance of payments pressure. Foreigners acquired these dollars by giving
the United States real goods and services in exchange. So long as they
hold these green bits of paper rather than buying U.S. goods and ser-
VICES with them, they are, in real terms, extending us interest-free
credit. But no economist believes that an unfavorable balance of trade
can continue indefinitely.

The nation's trade can be brought into balance either by increasing
exports, by reducing imports, or by some combination of the two.
Within the context of free trade this will happen only as United States
goods become more attractive on the world market in comparison with
those of other producers. That means that their relative price must
decline.

There are three ways in which this decline can be effected. One
would be that productivity of American labor increase relatively to that
of others. That could happen if investment flowed into American indus-
try in unprecedented amounts. But investment will not flow into Ameri-
can industry if the same investment is more profitable elsewhere. Hence
this part of the solution must await changes in other respects.

The second possible change is a decline in dollar wages of U.S. work-
ers. This change is in fact occurring. Labor negotiations today are more
often over wage reductions than over wage increases. Nevertheless,
these reductions have not cut the cost of labor sufficiently to make
American goods competitive.
The third possible change is in the comparative value of the dollar. This change is also occurring. The dollar has fallen quite drastically in comparison with the yen. This forces up the dollar cost of Japanese goods in the United States and reduces the cost of imports from the United States in Japan.

Thus far the combined effects of lower wages and the fall of the dollar have hardly begun to rectify the trade imbalance. Partially, this is a matter of time. Japan is absorbing much of the change in lowered profits. But it also indicates that greater reductions of wages and greater reduction of the value of the dollar in relation to the yen will be needed.

Assuming that the balance is achieved, as economists generally hope, more as a result of increasing exports than as a result of decreasing imports, the inflationary effect of the rising cost of imports will be considerable. Lester Thurow notes: "If the economists are right, a 38% fall in the value of the dollar would have been necessary to restore balance in the balance of trade in early 1985. Since America imports 12% of GNP, a 38% fall in the value of the dollar means a 38% increase in the price of 12% of those things purchased by Americans and as a consequence a 4.6% decline in the standard of living of the average American" (Thurow 1985, p. 93). Thurow points out that this is only the direct effect of the falling dollar on prices. He anticipates that the indirect effect through higher prices of U.S.-made goods would be "apt to be bigger than the direct effect" (1985, p. 40).

This solution to the problem will cost all Americans something like 10% in their standard of living. Since labor is also suffering a decline in dollar wages and relative position in distribution, its decline in living standards will be considerably greater. Further, Thurow notes that this will not be a one-time adjustment. Unless the U.S. rate of increase in productivity matches that of its trading partners, further relative decline will be required each year. Thurow concludes that rapid improvement in the rate of growth of productivity is urgently needed, and he offers many valuable suggestions as to how that can be attained. Naturally, other nations will redouble their efforts to grow faster than we do.

Thurow is probably correct that this exponential growth of GNP would succeed in avoiding a massive further reduction of the standard of living of American workers after the first inevitable adjustment if we consider only the current major trading partners. Their wages, too, are far above subsistence levels. But Thurow does not consider that the area of free trade encompasses many Third World nations as well, where wages are very low indeed, and where environmental protection and social security standards are also very low. Nor does he consider that nearly half of the world's low-wage labor in India and China has been kept out of the free trade arena by British colonialism and the policies of Chairman Mao, neither of which remain in effect today. American productivity can increase only with massive infusions of capital. The question is, where will that capital find its most profitable to invest?

Increasingly, the answer is free trade zones in Third World countries. The hunger for capital investment in those countries is such that they compete for it with offers that are as favorable as possible to the investors. Thus factories can be built that have no financial obligations to their host countries. They pay no taxes and often no rent. They are assured of cheap and docile labor. For the rest, they may purchase their raw materials and export their products where they will. They are unhindered by any community obligations. The productivity of such factories, as measured by product per hour of labor, may be similar to that which obtains in the United States. But if production is divided by the cost of labor, the figure will be much higher. This figure is in fact more important in determining investment. Production in the United States and in the First World generally will have to compete for capital against these investment opportunities. Such competition will be difficult to win. The decline in the standard of living of labor in the United States will continue, followed by similar declines in other First World countries. The prospect is for a return to the classical conditions in which the basic wage is determined by the cost of subsistence.

This does not mean that the standard of living of all Americans will decline. One segment of American society lives from capital rather than labor. The freedom of such capital to move internationally offers unparalleled opportunities for profit. The growth of the gap between rich and poor will continue. Community will be further sacrificed.

It is important to see that the decline of labor in this scenario cannot be stemmed by bargaining for higher dollar wages. The rise of wages will necessarily be compensated by the fall of the dollar. If demands for higher dollar wages further discourage investment, the net results will be negative.

Before proceeding in this vein it will be well to review the traditional economic opinion on these matters. The truth is that, at least until recently, the concerns we have raised were not taken seriously. The reason, apart from complacency over the principle of comparative advantage, was that until recently trade worked to the advantage of countries like the United States. The low wages paid in other countries did not
undercut high wages here. Even Throow, who sees that forces "threaten high wages in the United States, puts matters entirely in terms of productivity rather than actual labor costs. The concern about competing with low-wage countries has been treated as a phobia. An example is instructive to show the level of argument deemed sufficient to dispose of this question.

There is . . . a widespread phobia about trading with countries whose labor levels are lower than ours, about buying products produced with "cheap labor." This same phobia is never logically extended into domestic commerce because if it were, trade and its underlying pattern of specialization would be wiped out. Well-paid steel workers frequently do take their dirty clothes to be done by laundry workers whose wages are far below their own; important, often ride in taxicabs, and in fact are served by public officials, including the President, whose incomes are but a fraction of their own. . . . Much of the with attempting to dissolve the mythology that makes sound economic activity seem unsound when national boundaries are crossed. [Tigges and Tusing 1965, pp. 274–75]

Unfortunately, the analogies provided are weak of the mark. A better analogy would be a laundry paying high wages in competition with a well-paid workers and their employer in this case would not be passed off as a phobia.

The reason why trade between high-wage societies and low-wage societies has not threatened high wages until recently is that the high wages were based on heavy capitalization and advanced technology not available in the low-wage countries. Hence the goods of low-wage countries were not as cheap as one might expect and, in any case, did not include major industrial products. What has happened is twofold. First, a few countries, especially Japan, have generated sufficient capital internally to enter international competition with brilliant success. Second, investment capital has become international. It is this latter point that, as we have repeatedly emphasized, has the widest ramifications for the future of the American economy.

Consider again how the system is supposed to work. When enhanced productivity displaces workers in one area, the profits generated thereby are invested in something else. New jobs are created. The workers move to this new industry. The economy as a whole advances.

But when investment capital becomes supranational, there is no as-

Policies for Community

Trade versus Community

ance that the new investment will be in the country where the jobs are lost. Indeed, acting on individualistic economic principles unnumbered by community, investors seek the best return on their money. A factory employing docile and cheap labor that can export its products to the American market from abroad will be more profitable than one built in the United States. Labor-intensive industry will naturally move to countries where labor is cheaper. Wages will decline in countries where capital investment is reduced.

It may be argued that this downward pressure on wages toward subsistence will eventually turn around, and that the rapid industrialization made possible by free trade will involve the vast labor force of the world in productive work. The expectation is that the Gross World Product will be enormous, and all will enjoy together a hitherto undreamed of prosperity.

But even granting this cornucopian dream, at what point can labor in the First World expect relief? One possibility would be that global minimum wages would be set well above subsistence. But in the absence of world government, how this would be done and enforced is difficult to imagine. A second possibility would be that labor would organize on a global scale to secure higher wages for all. But the national barriers to capital can so easily ignore still remain high with respect to labor. The probability of success against the perceived national interest of many countries is remote indeed. The third possibility is that the growth of the global economy would reduce unemployment to the point that labor would become scarce relative to demand. This would then raise wages. But this is equally improbable, even though it seems to be the expectation of many economists.

There are hundreds of millions of unemployed people today and many more who are underemployed. The size of the work force is growing very rapidly in most Third World countries as a part of the population explosion. The method of capitalist economic growth requires ever fewer workers in relation to production. It is hard to share the expectation that this increasingly automated industry will absorb this vast work force.

The likelihood that the problem will be solved by growth seems even more remote when the process of industrialization is placed in the context of what is known of the environment. The quantity of resources required and the quantity of waste produced in this scenario stagger imagination. Certainly the global warming and melting of the icecaps will be accelerated, so that the societies undergoing this transformation
will also have to cope with massive physical dislocations. In reality there is no prospect at all of maintaining or reacquiring good wages by eliminating global unemployment through global industrial growth.

There is a further problem with free trade that deserves consideration. In what sense is it free? The Crusoe model will be useful for considering this question, too.

At the outset of the story there is no question but that Robinson Crusoe trades freely and that, unless he is tricked, he trades to his advantage. But as the scenario unfolds, he decides to specialize. That is as it should be, according to economic theory. By specializing he increases his total produce and gains more in exchange than he could have produced if he continued his diversified efforts. He continues to trade successfully with the other Crusoes. But now his situation has changed in one respect. He trades freely, but he is no longer free not to trade. His survival depends on his imports from the other islands.

This is to say nothing more than that, economically speaking, he is now in the same position as everyone else. All are dependent on a host of others for survival from day to day. Adam Smith already emphasized that. The new Robinson Crusoe differs only in that he voluntarily chose a state of dependence whereas others have never known any other state.

Politically speaking, on the other hand, there is a difference. Most of those who are mutually dependent participate in a common political unit, a community. The government of this community has the responsibility to maintain an order that protects its citizens, to some extent at least, from exploitation by others. The Crusoes have no such government. Hence, a couple of Crusoes, on whom Robinson is wholly dependent for survival, may devise a plan. One year they acquire a sufficient supply of the commodity Robinson supplies so that they do not need it in the following year. That year they refuse to provide Robinson with the commodities he needs unless he gives them his island in exchange. They allow him to remain on the island, but his produce is now theirs to distribute as they see fit.

Economists would say that Robinson still participates in the free market. He freely chooses to exchange his goods for the food he needs for survival. What he sells now is his labor. If he is dissatisfied with the terms offered him by the new owners of the island, he can seek better terms from some other Crusoe. So he is still a participant in the free market and a beneficiary thereof. At every point he has traded only to his benefit. Yet surely he is far less free than when all the trading began!

Free Trade versus Community

The Crusoe traders, without a government checking their actions, are a fair model for international free trade. What happened to Robinson has happened to many Third World countries. Following the pressures of the market and the advice of the economists, they have given up their relative self-sufficiency, have specialized, and have entrusted themselves to the magic of the market. Their economies are based on the export of one or two commodities. They must export to survive, for they can no longer feed themselves, and they cannot pay for food imports without exporting. Nor can they produce domestic commodities without imported inputs such as machinery and fertilizer. Their dependence on the market is complete. Meanwhile the terms of trade progressively deteriorate. They have little influence over the prices of their exports, which seem to them to be manipulated by international corporations with an interest in low prices. Frequently Third World governments act in the interest of the international corporations. Again we confront the fact that free trade leads to global economic power of corporations that are controlled by no government. To whatever extent individual nations follow the prescriptions of economists, they become dependent on a system of trade influenced, if not controlled, by this supranational economic power. Increasingly they must conform national policies to the desires of this economic power, for their economic survival depends on doing so.

Restoring Comparative Advantage by Balancing Trade and Reducing International Finance

The scenarios offered in this chapter are quite different from those proposed in standard economics texts. Nevertheless, they follow from well-known economic principles. Much depends on which economic principles one adopts. Our judgment is that the empirical test is important. We see no evidence that the principle of comparative advantage determines international trade relations in the real world. We think economists should not continue to propound it without empirical evidence of its truth.

By what principles, then, should international trade be governed, if not by comparative advantage? Following Culbertson (1986), our strategy is to consider policies that would, if adopted, restore the conditions presupposed by comparative advantage. Basically this means that, as in the textbook examples of comparative advantage, we have balanced trade between national entities. This means that trade is between En-
being squeezed to cut home consumption (expand exports, contract imports) in order to earn foreign exchange to service the external debt. And in the event of default it is the community in the creditor country (the FDIC and the U.S. taxpayer, for example) that suffers the consequence, not just the private lender.

Balanced trade and capital immobility imply each other. If we have balanced trade there is no need for, or possibility of, international capital flows. By insisting on balanced trade we automatically heed Keynes's admonition, cited at the beginning of this chapter: "Above all, let finance be primarily national." The consequence of free international finance (a necessary complement to free trade) has been the running up of unrepayable debts. Large surplus accumulations of money resulting from trade imbalances sought ways to grow exponentially and to recycle back to the deficit country to finance further trade deficits. Banks pumped money (the surpluses of petroleum-exporting countries) into Third World countries at a rate much greater than the ability of those governments to build wisely or to administer honestly. Government officials and associated elites wasted or stole large amounts of the borrowed funds, which consequently generated no increase in wealth. Yet these loans must be paid back at interest—not by those few who benefited, but by the general public, who received none of the benefits. The benefits were privatized, and the costs socialized.

In Brazil, for example, the general public has benefited little from the unproductive megaprojects of the government and highly subsidized enterprises. To repay the debt requires a large surplus of exports over imports. Consumption by the Brazilian people is being cut to release goods for export. This is done by lowering real wages (keeping money wage increases below inflation) and by taxing away middle-class purchasing power. Shoes made in Brazil, to take one example, cost less in the United States than in Brazil because exported shoes are exempt from many Brazilian taxes that raise their price in Brazil.

The ecological consequences of debt repayment are often severe. The Amazonian rainforest is being rapidly burned and converted into range-land and cropland, the productivity of which is exhausted in 3 or 4 years. But that provides exports to meet debt payments for 3 or 4 years. The effect on income distribution is also bad because the big enterprises carrying out these "investments" (if the consumption of ecological capital can, even with quotation marks, be called an investment) are given large tax subsidies as an incentive to undertake an activity that otherwise would not likely be profitable. The revenue loss to the government
is made up by increasing taxes on the middle class, or by allowing a larger fiscal deficit to result in more inflation.

These consequences are the result not only of free trade but also of growthmania, the belief that unfettered economic growth is always both possible and desirable. The "solution" to the debt crisis offered by the orthodox economist has been a further dose of growth. The way to grow is to invest, and the way to invest is to borrow. The solution to the debt is to increase the debt! Just why it is believed that this new debt will be used so much more productively than the older debt is never explained. The main motivation for pushing the new loans seems in some cases to be to supply the foreign exchange to enable the debtor country to meet its current payments on the old loans. This means that the old loans do not have to be written off as losses to the creditor banks. But borrowing to meet interest payments leads to a snowballing of the debt and is little more than a Ponzi scheme. This is recognized in secondary markets, where the sovereign debt of many countries is traded at discounts of greater than 50%.

International debt is a topic for a book in itself (see George 1988). Our purpose has been to show that the current debt crisis is part and parcel of the free trade regime that permits large trade imbalances and compensating financial transfers that can easily exceed the repayment capacity of deficit countries. Large trade surpluses actively seek ways to grow exponentially, and banks eager to grow turn a blind eye to corruption and incompetence in many debtor governments. Or perhaps they are not quite so blind—some of their biggest depositors are the very officials and elites of the debtor countries. The foreign exchange provided in the loan may be used to finance capital flight rather than capital investment (Henry 1986).

The consequences of debt generated by unbalanced trade are more visible in poor countries, but, as we have emphasized, they are now becoming visible in the United States, which has with astonishing rapidity transformed itself from the world's largest creditor to its largest debtor. The debt crisis is not likely to be solved in a world committed to the free trade dogma. Solution will require a commitment to balanced trade.

Does this mean that developing countries can no longer import needed capital equipment from the United States? By no means. Brazil can still import tractors and computers and pay for them with coffee and shoes. Brazil simply cannot borrow in order to import tractors and computers faster than they can export coffee and shoes. Nor of course can the United States borrow by importing shoes and coffee faster than it can export tractors and computers. The answer is debt for trade. But this will only be possible if the terms are not on a shorter-term and higher interest basis than the terms on which the debt is being repaid. In other words, it must be a long-term, low-interest loan.

Can pay for them with tractors and computers. But elimination of all international lending and borrowing seems extreme even to us who believe it should be greatly curtailed. Is there not room for permitting some international transfer on capital account along with the compensatory imbalance on trade account? We believe there could be a reasonable extension of the principle of balance from short-term balanced trade to long-term balanced borrowing and repayment, if the latter were limited to clearly beneficial and productive projects as judged from the perspective of both communities. Like international trade, international borrowing and lending should be between nations as communities, not between subnational entities seeking only their private interests. This is an area for further reflection and research.

Meanwhile there seems to be an actual evolution toward balanced trade in the increasing practice of "countertrade," whereby the exporter agrees to import goods up to a certain amount as partial payment. These are sometimes simple barter arrangements but are usually separate parallel transactions, obviously linked at the stage of making a deal, but independently carried out or enforced. Estimates are that countertrade arrangements governed between 10% to 20% of world trade in 1981, and some 50% of trade between Western and Communist bloc countries. Perhaps the biggest countertrade deal yet involves investment and repayment—the construction by European firms of a natural gas pipeline from the Soviet Union to Western Europe, the loan to be repaid with natural gas delivered to Western Europe up to an agreed upon amount (Welt 1984).

Clearly there is a wide middle ground between free trade and autarky. Neither extreme has ever been practiced and we advocate neither. We cannot settle the question of exactly what trade policies are best, but we believe that policies currently err on the side of too much free trade because of misplaced concreteness in the argument from comparative advantage. We have argued that free trade is a case of individualism riding roughshod over community interests. Free traders will certainly reply that it is they who are serving the community, the larger world community, and it is we who are disrupting that community. They will invite us to overcome our parochial, individualistic nationalism and rejoice with them in the goal of a cosmopolitan world without borders.

Trade between England and Portugal will be no different than trade between Yorkshire and London.

But what is really entailed by this cosmopolitan vision? For one thing, as already noted, in a world without borders the whole logic of
comparative advantage loses its basis, and the rule of absolute advantage along with world equalization of wages is the consequence. If world traders are to be analogous to Londoners trading with Yorkshire farmers, then we need something analogous to English law courts and police to define property rights and enforce contracts. We have no such world authority and have failed repeatedly at even modest attempts to institute one.

Free traders, having freed themselves from the restraints of community at the national level and having moved into the cosmopolitan world, which is not a community, have effectively freed themselves of all community obligations. World community at least at present is an abstract vision. It is by no means a concrete reality that would be underpinned by a policy of balanced trade. Real community now exists only at national and subnational levels. The goal of building up a community of communities, a community of nations at the world level, is one we share. But we are sure it will not be achieved by sacrificing the real bonds of community at the national level. For a nation that has attained a high standard of living for most of its people to have its capitalists say to its working class, “You must now compete in the world labor market against the hungry of other nations, and in the interest of efficiency your wages must fall to the world level,” is the destruction of existing community in the interests of a broader world community that does not yet exist, but in the interests of a much smaller “community,” a class of wealth and privilege, which does exist.

The free trade position today is, ironically, reminiscent of the mercantilists, against whom Adam Smith’s arguments were aimed. To export and maintain a favorable balance of trade the mercantilists were quite explicitly prepared to follow a low-wage policy to keep their exports competitive. The surest way to keep wages low was to have an oversupply of labor. Rapid proliferation of laborers plus the absence of unions and social insurance keep wages low. A country is efficient and productive when the vast majority of its citizens are living at subsistence! Of course this absurdity was masked by the fact that the laboring class was not really considered part of the community. They were closer to slaves than citizens. Centuries later we believe that the welfare of the community includes the standard of living of the working class. But the “free-trade mercantilists” of today urge the same exclusion of the working class from the national community. U.S. workers are invited by U.S. capitalists to share their wages with the hungry of the world in the name of “world community.” The majority of the nation is invited to lower its
APPENDIX E: Cape Cod Commission
(to be included)
APPENDIX F: "Reinvest In Long Island"