

1 SPEAKER APPEARANCES
(CONTINUED) :

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ROBERT POOLE, DIRECTOR OF
TRANSPORTATION STUDIES, REASON
PUBLIC POLICY INSTITUTE

5

ANDREW SANCTON, CHAIR
DEPARTMENT OF POLITICAL SCIENCE
UNIVERSITY OF WESTERN ONTARIO

7

MILAN DLUHY, CHAIR, DEPARTMENT
OF POLITICAL SCIENCE-PUBLIC
ADMINISTRATION, UNIVERSITY OF
NORTH CAROLINA, WILMINGTON

8

9

10

JAMES NOLAN, TRANSPORTATION CHAIR
DEPARTMENT OF AGRICULTURAL
ECONOMICS, UNIVERSITY OF
SASKATCHEWAN

11

12

JEREMY SMITH, DIRECTOR, LOCAL
GOVERNMENT INTERNATIONAL BUREAU,
LONDON, & FORMER CHIEF EXECUTIVE
LONDON BOROUGH OF CAMDEN

13

14

15

EDWARD A. SCHWARTZ, PRESIDENT
INSTITUTE FOR THE STUDY OF CIVIC

16

VALUES

17

DOUGLAS P. MUNRO, PRESIDENT
INTERGROUP SERVICES, BALTIMORE

18

19

ROBERT H. NELSON, PROFESSOR, SCHOOL
OF PUBLIC AFFAIRS, UNIVERSITY OF
MARYLAND, AND SENIOR FELLOW,
COMPETITIVE ENTERPRISE INSTITUTE

20

21

SHIRLEY SVORNY, PROFESSOR OF
ECONOMICS, CALIFORNIA STATE
UNIVERSITY, NORTHRIDGE

22

23

SAM OLIVITO, EXECUTIVE DIRECTOR
CALIFORNIA CONTRACT CITIES ASSOC.

24

25

NICHOLAS T. CONWAY, EXECUTIVE
DIRECTOR, SAN GABRIEL VALLEY COUNCIL
OF GOVERNMENTS

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1 UNIVERSAL CITY, CALIFORNIA, MONDAY, FEBRUARY 5, 2001

2 8:30 A.M.

3 SHERATON UNIVERSAL HOTEL

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7 MR. ACKERMAN: GOOD MORNING.

8 I ASK EVERYONE TO TAKE YOUR SEAT. WE WOULD

9 LIKE TO GET STARTED.

10 ONCE AGAIN, GOOD MORNING, AND WELCOME TO SAN

11 FERNANDO VALLEY. ON BEHALF OF THE ECONOMIC ALLIANCE OF THE

12 SAN FERNANDO VALLEY, I WOULD LIKE TO WELCOME ALL OF YOU HERE

13 THIS MORNING.

14 JUST SOME VERY QUICK, BRIEF ANNOUNCEMENTS

15 BEFORE WE GET STARTED. WE HAVE GOT AN ABSOLUTELY JAM-PACKED

16 DAY PREPARED FOR YOU, AND WE DON'T WANT TO WASTE ANY TIME NOT

17 GETTING INTO THAT.

18 IF I CAN HAVE YOU REFER TO YOUR PACKETS, IN

19 YOUR PACKETS -- WHEN YOU CAME IN YOU PICKED UP A WHITE PACKET

20 WITH THE ECONOMIC ALLIANCE LOGO ON IT -- THAT HAS THE AGENDA,

21 IT HAS THE BIOGRAPHIES FOR EACH OF OUR PANELISTS AND SPEAKERS

22 TODAY. WE WILL NOT DO LENGTHY INTRODUCTIONS. YOU ALREADY

23 HAVE THAT INFORMATION IN THOSE PACKETS.

24 ALSO, YOU WERE HANDED A COPY OF RON OAKERSON'S

25 BOOK. WE HAVE 100 OF THOSE BOOKS HERE. THE OTHER 50 ARE

26 BEING SHIPPED OUT, AND HOPEFULLY THEY WILL BE HERE BEFORE THE

27 END OF THE DAY. SO THOSE OF YOU WHO DID NOT GET ONE OF

28 OAKERSON'S BOOKS, YOU WILL GET ONE BEFORE WE GO.

1 JUST A BRIEF OVERVIEW OF THE FORMAT FOR TODAY.
2 WE HAVE FOUR DIFFERENT PANEL PRESENTATIONS PLUS OUR KEYNOTE
3 SPEAKER.

4 AT THE END OF EACH PANEL PRESENTATION, WE WILL
5 TAKE ABOUT TEN TO 15 MINUTES FOR QUESTIONS AND ANSWERS. BOB
6 SCOTT, WHO WE WILL MEET SHORTLY, WILL BE ROAMING AROUND THE
7 ROOM PICKING UP QUESTIONS THAT YOU WILL PRE-WRITE OUT SO THAT
8 YOU CAN ASK THE QUESTIONS OF THE PANELS.

9 SO MAKE SURE YOU HAVE THREE-BY-FIVE INDEX CARDS
10 ON EACH TABLE, WRITE OUT YOUR QUESTIONS AS THE PANEL HAS
11 FINISHED THEIR PRESENTATION, AND THEN WE WILL ASK THE
12 QUESTIONS FROM YOUR TABLE PLACE.

13 HAVE YOU GOT THAT RIGHT?

14 OKAY.

15 LET ME -- BY THE WAY, I AM BRUCE ACKERMAN,
16 PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ECONOMIC
17 ALLIANCE. LET ME PLEASE INTRODUCE ONE OF OUR COSPONSORS
18 TODAY, LYNN SCARLETT, PRESIDENT OF THE REASON FOUNDATION.

19 LYNN.

20 MS. SCARLETT: THANK YOU. I AM DELIGHTED TO BE
21 HERE AND TO HAVE REASON FOUNDATION, REASON PUBLIC POLICY
22 INSTITUTE, COSPONSOR THIS EVENT.

23 I THOUGHT I WOULD START AND KEEP YOU ON YOUR
24 TOES BY REFERRING TO A QUOTE BY ARISTOTLE. ARISTOTLE ONCE
25 SAID THAT MEN COME TOGETHER IN CITIES TO LIVE, BUT THEY REMAIN
26 THERE TO LIVE THE GOOD LIFE.

27 THE GOOD LIFE, OF COURSE, AS WE ALL KNOW, IN
28 CITIES REQUIRES BASIC SERVICES, IT REQUIRES THE SEEMINGLY

1 BORING BUT ESSENTIAL TRASH COLLECTION, STREET LIGHTING,
2 CLEANING OF STREETS; IT ALSO REQUIRES, BUT MUCH MORE
3 ELUSIVELY, A SENSE OF PLACE; AND FINALLY, AND PROBABLY EQUALLY
4 ELUSIVELY, IT REQUIRES GOVERNANCE.

5 URBAN HISTORIAN PETER HALL OPINED THAT CITIES
6 ALWAYS REQUIRE COLLECTIVE ACTION. HE GOES ON TO SAY THAT THAT
7 DOESN'T NECESSARILY MEAN PUBLIC ACTION. OFTEN COLLECTIVE
8 ACTION CONSISTS OF GIVING WIDE POWERS TO PRIVATE AGENCIES.

9 BUT THIS OF COURSE RAISES CENTRAL QUESTIONS,
10 QUESTIONS THAT YOU WILL BE HEARING DISCUSSED TODAY: WHAT
11 FORMS OF COLLECTIVE ACTION? WHAT DECISION-MAKING UNIT? A
12 NEIGHBORHOOD? A SMALL CITY? A METROPOLIS? OR STILL LARGER
13 REGIONS?

14 THIS CONFERENCE IS GOING TO EXPLORE THESE AND
15 OTHER QUESTIONS. WHAT IS A CITY, FOR EXAMPLE? WHAT IS A
16 MUNICIPALITY? AS CITIES GROW, HOW CAN REPRESENTATION AND
17 GOVERNING INSTITUTIONS BE MAINTAINED?

18 HOW DO CITIES FIT WITHIN THE LARGER REGIONS
19 WITHIN WHICH THEY RESIDE? HOW CAN SERVICES BE PROVIDED THAT
20 ENSURE BOTH ACCOUNTABILITY BUT ALSO COHERENCE ACROSS
21 JURISDICTIONAL BOUNDARIES? WHAT ARE THE RESPECTIVE ROLES AND
22 OPPORTUNITIES FOR PUBLIC AND PRIVATE ACTION?

23 I AM GOING TO LEAVE YOU WITH THOSE QUESTIONS
24 AND HOPE THAT TODAY'S SPEAKERS ENLIGHTEN YOU ON THEM AND THAT
25 THERE IS GREAT DISCOURSE IN CONVERSATION ON SOME OF THESE
26 CHALLENGING QUESTIONS, QUESTIONS OF COURSE THAT SPECIFICALLY
27 APPLY TO SAN FERNANDO VALLEY AND THE GREATER LOS ANGELES
28 REGION.

1 I WANT TO SAY A SPECIAL THANK-YOU TO SAM STALEY
2 FROM REASON PUBLIC POLICY INSTITUTE WHO WORKED MANY HOURS
3 HELPING TO PUT THIS PROGRAM TOGETHER AND ALSO TO THE MANY,
4 MANY FOLKS AT THE ECONOMIC ALLIANCE WHO ALSO MADE THIS EVENT
5 POSSIBLE.

6 THANK YOU.

7 MR. ACKERMAN: THANK YOU, LYNN.

8 NEXT I WOULD LIKE TO PRESENT THE CHAIRMAN OF
9 THE RIGHTSIZING LOCAL AND REGIONAL GOVERNMENT SYMPOSIUM, WHO
10 IS ALSO THE EXECUTIVE VICE-CHAIRMAN OF THE ECONOMIC ALLIANCE
11 AND THE FOUNDER OF THE ECONOMIC ALLIANCE, BOB SCOTT.

12 MR. SCOTT: I THINK IT SHOULD HAVE BEEN "A
13 FOUNDER," NOT "THE FOUNDER."

14 THANK YOU VERY MUCH. I WILL BE TRYING TO HELP
15 LUBRICATE THE ACTIVITIES TODAY. I HAVE A WIRELESS MIC OUT
16 HERE.

17 YOU ALL HAVE SOME INDEX CARDS ON YOUR TABLE.
18 AS WE GO THROUGH THIS PROCESS, WE WOULD LIKE TO MAKE IT SO
19 IT'S A LITTLE MORE FLUID, A LITTLE BIT MORE GIVE AND TAKE.

20 SO IF YOU DEVELOP QUESTIONS AS YOU GO ALONG, IF
21 YOU MARK DOWN THE NAME OF THE PERSON THE QUESTION IS FOR AND
22 GIVE IT TO ME, WE WILL BE ABLE TO INTERPOSE THESE QUESTIONS IN
23 A TIMELY MANNER.

24 UNFORTUNATELY, WE HAVE THE SHADES DOWN HERE, SO
25 IT SORT OF SPOILS WHAT I WAS GOING TO SAY. BUT I WAS GOING TO
26 MENTION THE FACT THAT WE HAVE THE LOS ANGELES BASIN TO THE
27 SOUTH, WE HAVE THE SAN FERNANDO VALLEY TO THE NORTH, AND WE
28 HAVE THE SANTA MONICA MOUNTAINS, WHICH HAS BEEN A MATTER OF

1 SOME GREAT DISCUSSION WITH RESPECT TO AT LEAST THE LANDMARKS
2 OF THE SAN FERNANDO VALLEY, OFF TO OUR WEST.

3 AND RIGHT OUT HERE THROUGH THESE SHADES IS, OF
4 COURSE, BURBANK, GLENDALE, AND SOME OF THE OTHER CITIES THAT
5 MAKE UP THE OTHER PORTIONS OF THE SAN FERNANDO VALLEY.

6 DOWN AT THE BOTTOM OF THE HILL HERE WE HAVE THE
7 TERMINUS, IF YOU WILL, THE TERMINUS OF THE METRO RAIL SUBWAY
8 SYSTEM WHICH OF COURSE WAS AT LEAST 20 YEARS AGO ANTICIPATED
9 TO EXTEND ITS WAY ON OUT TO WARNER CENTER AND TO THE NORTHEAST
10 VALLEY.

11 IN ANY EVENT, YOU ALSO HAVE A GREEN SHEET IN
12 YOUR PACKET THERE. IT'S AN EVALUATION SHEET. THIS IS
13 EXTREMELY IMPORTANT TO US. I AGAIN WOULD LIKE TO THANK THE
14 SPONSORS OF THIS EVENT: THE VALLEY CIVIC FOUNDATION, THE
15 JAMES IRVINE FOUNDATION, THE REASON PUBLIC POLICY INSTITUTE,
16 AND OF COURSE THE ECONOMIC ALLIANCE OF THE SAN FERNANDO
17 VALLEY.

18 AND THERE IS ONE PERSON WITHOUT WHOM I DON'T
19 THINK MUCH OF THIS WOULD BE AS FAR ALONG AS IT IS TODAY, AND
20 BROUGHT A SENSE OF, I THINK, IMPORTANCE AND SECURITY AND DRIVE
21 TO THIS ORGANIZATION, AND THAT IS MY GOOD FRIEND AND THE
22 CHAIRMAN OF NOT ONLY LAEDC, THE ECONOMIC ALLIANCE OF SAN
23 FERNANDO VALLEY, MR. DAVID FLEMING.

24 MR. FLEMING: THANKS, BOB. AND GOOD MORNING,
25 LADIES AND GENTLEMEN. WELCOME ON BEHALF OF THE ECONOMIC
26 ALLIANCE AND THE CIVIC FOUNDATION. WE ARE PLEASED TO HAVE YOU
27 ALL JOIN US TODAY.

28 WE HAVE CONVENEED THIS SYMPOSIUM WITH TWO

1 FUNDAMENTAL PRINCIPLES IN MIND. THESE ARE THE PRINCIPLES:

2 FIRST, REGIONAL PROBLEMS DEMAND REGIONAL SOLUTIONS. AND

3 REGIONAL PROBLEMS COME ABOUT PRIMARILY THROUGH REGIONAL

4 EMPOWERMENT.

5 FOUR MONTHS AGO CALIFORNIA ASSEMBLY SPEAKER BOB

6 HERTZBERG CREATED A STATE COMMISSION ON REGIONALISM. SOME OF

7 THOSE COMMISSIONERS ARE HERE THIS MORNING, AND THROUGHOUT THE

8 DAY WE ARE GOING TO BE DISCUSSING REGIONAL EMPOWERMENT.

9 INCIDENTALLY, ON THE TABLE OUT THERE IS A LIST

10 OF EVERYONE WHO SERVES CALIFORNIA, SERVED ON THAT COMMISSION.

11 WE ARE STARTING OUT, WE HAVE A BIG JOB TO DO. IT IS GOING TO

12 GO FOR ABOUT A YEAR; AND, BY THE END OF THAT TIME, WE HOPE TO

13 MAKE SOME REAL PROGRESS BECAUSE REGIONAL PROBLEMS ARE NOT

14 EASILY SOLVED. THEY AFFECT THE QUALITY OF EVERYONE'S LIFE IN

15 CALIFORNIA, FROM AIRPORTS TO TRANSPORTATION TO WASTE TO

16 WATER. THEY REQUIRE INTELLIGENT AND EQUITABLE SOLUTIONS.

17 THE SECOND PRINCIPLE GUIDING US TODAY AND ONE

18 WHICH HAS BEEN DRIVEN BY THE CURRENT MOVEMENTS FOR SECESSION

19 OR INDEPENDENT CITYHOOD, WHICHEVER YOU WANT TO CALL IT, THOSE

20 EFFORTS IN LOS ANGELES, THE SECOND PRINCIPLE IS THIS: THE

21 SMALLER LOCAL GOVERNMENTS BECOME AND THE CLOSER THEY GET TO

22 THEIR CITIZENS THEY SERVE, THE MORE ENGAGED THE CITIZENS

23 BECOME WITH BOTH THEIR GOVERNMENT AND THEIR COMMUNITIES.

24 EMPOWERMENT OF COMMUNITIES BEGETS CITIZENS'

25 INVOLVEMENT IN THOSE COMMUNITIES. AND CITIZENS' INVOLVEMENT

26 IN THOSE COMMUNITIES BEGETS CITIZENS' OWNERSHIP OF COMMUNITY

27 PROBLEMS.

28 YOU CAN'T SOLVE A PROBLEM WITHOUT TAKING

1 OWNERSHIP OF IT. THIS THEN BECOMES THE FUTURE KEY TO
2 SUCCESSFUL COMMUNITY PROBLEM SOLVING. AGAIN, IT IS
3 EMPOWERMENT, MEANING INVOLVEMENT AND INVOLVEMENT MEANING
4 OWNERSHIP.

5 IF WE FEEL PRIDE AND CONNECTIVITY WITH CITY
6 GOVERNMENT AT ITS MOST LOCALIZED LEVEL, WE TEND TO EXERT
7 INDIVIDUAL RESPONSIBILITY OVER OUR IMMEDIATE ENVIRONMENT AS
8 WELL AS THE WELL-BEING OF OUR NEIGHBORS AND OUR NEIGHBORHOODS.

9 CONVERSELY, IF WE FEEL DISCONNECTED FROM CITY
10 GOVERNMENT, HELPLESS TO INFLUENCE IT, IGNORED BY IT,
11 IRRELEVANT IN OUR GOVERNMENT'S DAILY COMINGS AND GOINGS, WE
12 TEND TO TUNE OUT.

13 IN TUNING OUT, CITIZENS DECLINE TAKING
14 OWNERSHIP OF LOCAL PROBLEMS. FEELING DISCONNECTED WITH GIANT
15 CITY GOVERNMENT, THEY BECOME AMBIVALENT TOWARD IT. MOST
16 REMAIN ALOOF, EXCEPT OCCASIONALLY THEY SHOW UP AT THE POLLS
17 SOLELY TO DEFEAT A BOND INITIATIVE OR SOME OTHER MEASURE WHICH
18 COULD RAISE THEIR TAXES OR COST THEM MONEY.

19 THAT IS ONE REASON WHY L.A. VOTER TURN-OUTS
20 HAVE BEEN TRENDING DOWNWARD IN LOS ANGELES OVER THE LAST
21 SEVERAL YEARS.

22 WE SEE TODAY AREAS OF L.A. STAGNATING OR EVEN
23 DETERIORATING. SURVEYS SHOW THAT PEOPLE FEAR FOR THEIR
24 SAFETY. REPAIRS -- IF DONE IT ALL -- SEEM TO TAKE FOREVER IN
25 THIS TOWN.

26 THESE ARE LONG-TERM SYMPTOMS OF A CITY IN
27 TROUBLE. ON THE OTHER HAND, WE SEE SMALLER CITIES AROUND US
28 THRIVING WITH SAFE STREETS, CLEAN PARKS, WELL KEPT LAWNS,

1 TREES, SIDEWALKS, AND STREETS. WE SEE THE PRIDE THESE
2 CITIZENS HAVE IN THEIR CITIES, DELIVERING BETTER SERVICES AT
3 LOWER COSTS. AND WE IN LOS ANGELES SAY, "WHY NOT US?"

4 WE BROUGHT SOME DISTINGUISHED PEOPLE HERE TODAY
5 FROM ALL OVER THE UNITED STATES AND ABROAD TO HELP US BROADEN
6 OUR HORIZONS, OPEN OUR MINDS, GIVE US SOME HOPE THAT LOS
7 ANGELES CAN, THROUGH REAL RESTRUCTURING, BECOME A BETTER PLACE
8 TO LIVE.

9 TIMES CHANGE. AND GOVERNMENTS MUST ALSO
10 CHANGE.

11 DESPITE THEIR RECENTLY ENACTED CHARTER REFORMS,
12 THE STRUCTURE OF LOS ANGELES GOVERNMENT HAS JUST NOT KEPT PACE
13 WITH THE CITY'S EXPLODING GROWTH, ITS EVER CHANGING ETHNIC
14 MIX, AND OUR NEW WORLD OF TECHNOLOGY THROUGH THE INTERNET.

15 ASK YOURSELF THIS: IS THE 1926 FRAMEWORK OF
16 L.A. CITY GOVERNMENT STILL WORKING TODAY?

17 THE ONLY MAJOR DIFFERENCE IN 75 YEARS IS THE
18 SIZE OF THE BUREAUCRACY. IN 1926 IT WAS A FEW HUNDRED. TODAY
19 IT IS 40,000. IT HAS GROWN BY A FACTOR OF 5,000 PERCENT. BUT
20 THE OVERALL FRAMEWORK IS STILL THE SAME.

21 SEVENTY-FIVE YEARS AGO THERE WERE 16 PEOPLE, A
22 MAYOR, AND 15 COUNCIL MEMBERS GOVERNING LOS ANGELES FROM
23 DOWNTOWN, THE ONLY DOWNTOWN WE HAD THEN. THAT IS WHERE ALMOST
24 EVERYONE WORKED IF THEY HAD A JOB.

25 SEVENTY-FIVE YEARS AGO L.A.'S POPULATION WAS
26 300,000. SEVENTY PERCENT OF THE LAND CONTAINED IN THE CITY'S
27 BOUNDARIES WAS OCCUPIED. ONLY 30 PERCENT WAS URBANIZED.
28 SEVENTY-FIVE YEARS AGO ALMOST ALL OF L.A.'S POPULATION WAS

1 WHITE, PRIMARILY TRANSPLANTS FROM THE MIDWEST AND EAST. THE
2 ONLY LANGUAGE EVER SPOKEN HERE REGULARLY WAS ENGLISH.

3 TAKE AWAY THE PALM TREES, AND WE LOOK LIKE A
4 MID-SIZED MIDWESTERN OR EASTERN CITY, THE SAME MORES AND THE
5 SAME MANNERS.

6 THAT WAS 75 YEARS AGO. NOW LOOK AT LOS ANGELES
7 TODAY. WE HAVE A POPULATION OF FOUR MILLION, NOT 300,000. WE
8 ARE A VAST, SPRAWLING URBAN MASS STRETCHING OVER HALF A
9 THOUSAND SQUARE MILES WITH ALMOST NO OPEN SPACE LEFT. WE ARE
10 PROBABLY THE MOST ETHNICALLY DIVERSE CITY IN THE WORLD. EVERY
11 DAY IN OUR HOMES AND SHOPS AND RESTAURANTS AND STORES THERE
12 ARE OVER A HUNDRED LANGUAGES SPOKEN RIGHT HERE IN THIS CITY.

13 YET DESPITE THESE ENORMOUS CHANGES, WE STILL
14 HAVE 16 PEOPLE TRYING AS BEST THEY CAN TO GOVERN US, STILL
15 FROM JUST ONE LOCATION, 200 NORTH SPRING STREET, CITY HALL.
16 THAT IS 30 MILES REMOVED FOR THOSE LIVING IN THE CITY'S
17 OUTSKIRTS, AND, FOR US IN THE VALLEY, THE WHOLE MOUNTAIN RANGE
18 AWAY.

19 I HAD HOPED THE CHARTER REFORM WOULD HAVE
20 ADDRESSED THESE GLARING DEFICIENCIES AND HELP CATAPULT LOS
21 ANGELES INTO THE 21ST CENTURY. UNFORTUNATELY, IT DID NOT.

22 SO TODAY WE HAVE AREAS OF THE CITY CONTAINING
23 OVER HALF OF L.A.'S POPULATION SEEKING TO DETACH FROM LOS
24 ANGELES AND FORM SMALLER CITIES. WHY? WELL, THE EXPERTS HERE
25 TODAY WILL BE ADDRESSING THE ROOT CAUSES UNDERLYING
26 INDEPENDENT CITYHOOD OR SECESSION AND WHAT LOS ANGELES MUST DO
27 IF IT IS GOING TO STAY TOGETHER AS ONE CITY.

28 THE OTHER MORNING I GLANCED OUT OF MY OFFICE

1 WINDOW ON THE 25TH FLOOR OF THE UNIVERSAL TOWERS, THE BUILDING
2 NEXT DOOR, IT WAS ABOUT 8:30 IN THE MORNING. I NOTICED DOWN
3 ON VENTURA BOULEVARD THAT WORKMEN HAD BROUGHT IN SOME HEAVY
4 EQUIPMENT AND SET UP ON BOTH SIDES OF THE STREET. THEY PUT
5 CONES IN THE STREET WHICH BLOCKED TWO OF THREE EASTBOUND LANES
6 AS WELL AS TWO OF THREE WESTBOUND LANES. ONE SET OF WORKERS
7 WORKED FOR A PRIVATE CONTRACTOR PURSUANT TO A PERMIT ISSUED BY
8 THE CITY OF LOS ANGELES. THE WORKERS ON THE OTHER SIDE OF THE
9 STREET WERE PERSONNEL FROM ONE OF THE CITY OWNED UTILITIES.

10 THE TRAFFIC, PARTICULARLY THE EASTBOUND
11 TRAFFIC, WAS VERY HEAVY, AS IT ALWAYS IS THAT TIME OF
12 MORNING. AND SINCE THESE CARS HAD TO MERGE FROM THREE LANES
13 DOWN TO ONE, THE TRAFFIC BUILDUP STRETCHED OUT BUMPER TO
14 BUMPER FOR MILES ON VENTURA BOULEVARD AS FAR AS THE EYE COULD
15 SEE.

16 I WATCHED THIS FOR ABOUT FIVE MINUTES. THE
17 WORKMEN THEMSELVES WERE OBLIVIOUS TO WHAT WAS HAPPENING. THEY
18 JUST KEPT GOING ABOUT THEIR WORK AS THOUGH THEY WERE THE ONLY
19 PEOPLE IN THE WORLD, DIDN'T CARE ABOUT WHAT WAS GOING AROUND
20 THEM.

21 IT SEEMED TO TAKE FOREVER FOR THOSE CARS, ONE
22 BY ONE IN RUSH HOUR, TO CRAWL PAST THE CONSTRUCTION BLOCKAGE
23 ON BOTH SIDES OF VENTURA.

24 I NOTED LATER THAT ALL THE CONSTRUCTION HAD
25 FINISHED BY NOON. THE CONES AND THE WORKERS WERE GONE. AND I
26 WONDERED TO MYSELF: WHY DIDN'T THE CITY OF LOS ANGELES ORDER
27 THAT WORK TO BE STARTED LATER IN THE MORNING, SAY TEN O'CLOCK,
28 AFTER THE MORNING RUSH HOUR TRAFFIC HAD SUBSIDED?

1 WELL, THE ANSWER, OF COURSE, IS THAT FEW IN
2 CITY HALL EITHER KNEW OR CARED. AFTER ALL, THAT TIE-UP WAS 12
3 MILES AWAY FROM SPRING STREET IN A CITY SO BIG, SO VAST, VERY
4 LIKELY SCORES OF TIE-UPS LIKE THAT EXIST EVERY DAY.

5 BUT THE ONE EFFECT, IT DID NOT AFFECT CITY
6 EMPLOYEES TRYING TO GET TO WORK DOWNTOWN. IF IT HAD BEEN TWO
7 BLOCKS FROM CITY HALL, YOU BET THEY WOULD HAVE HEARD ABOUT
8 IT. IT WAS 12 MILES AWAY, SO IT WASN'T THEIR PROBLEM. AND
9 THE VERY FACT THAT IT WASN'T THEIR PROBLEM IS THE PROBLEM.

10 NOW LET'S IMAGINE A NEW SCENARIO. LET'S
11 IMAGINE THIS, THAT A UNIT OF LOCALIZED GOVERNMENT CALLED A
12 BOROUGH HAD BEEN CREATED, WE'LL CALL IT THE UNIVERSAL STUDIO
13 CITY BOROUGH OF THE CITY OF LOS ANGELES. AND LET'S SUPPOSE
14 THAT THE BOROUGH'S ELECTED BOARD MADE UP OF BOROUGH RESIDENTS
15 HAD BEEN EMPOWERED TO REGULATE THE HOURS FOR CONSTRUCTION WORK
16 ON THE MAJOR THOROUGHFARES IN THAT BOROUGH. DO YOU THINK THAT
17 TIE-UP WOULD HAVE HAPPENED? OF COURSE NOT.

18 THAT IS WHAT LOCAL GOVERNMENT IS ALL ABOUT.
19 IT'S PEOPLE WHO CARE BECAUSE THEY ARE THERE. THEY LIVE
20 THERE. THEY WORK THERE. THEY OWN THERE. IT'S THEIR
21 COMMUNITY.

22 RUSSIAN DICTATOR JOSEPH STALIN ONCE REMARKED
23 THAT THE DEATH OF ONE PERSON IS A TRAGEDY BUT THE DEATH OF A
24 MILLION IS A STATISTIC.

25 MOST OF THE FOUR MILLION PEOPLE LIVING IN LOS
26 ANGELES TODAY PERCEIVE THEMSELVES AS LITTLE MORE THAN
27 STATISTICS IN THE EYES OF THE THOUSANDS OF L.A. CITY
28 BUREAUCRATS. IS IT ANY WONDER THAT INDEPENDENT CITYHOOD

1 MOVEMENTS HAVE SPRUNG UP?

2 WE COULD FIT THE CITIES OF SAN FRANCISCO,
3 MINNEAPOLIS, BOSTON, ST. LOUIS, AND EVEN MANHATTAN ISLAND ALL
4 TOGETHER IN THE AREA COVERED BY L.A.'S MUNICIPAL BOUNDARIES
5 ALL AT THE SAME TIME AND STILL HAVE ROOM LEFT OVER.

6 IS IT ANY WONDER THEN THAT FOUR MILLION L.A.
7 CITY RESIDENTS TEND TO FEEL DISCONNECTED FROM THEIR
8 GOVERNMENT? I MEAN, AFTER ALL, WHAT IS LOCAL ABOUT CITY HALL
9 MAKING DECISIONS ON MATTERS PERTAINING EXCLUSIVELY TO, SAY,
10 CHATSWORTH, 30 MILES AND A MOUNTAIN RANGE AWAY?

11 IS IT ANY WONDER THAT MILLIONS OF ANGELENOS
12 STAY HOME EACH SPRING WHEN CITY ELECTIONS ROLL AROUND? WHO
13 CARES WHO WINS OR LOSES? THEY FEEL POWERLESS ANYWAY. THEY
14 ARE ONLY A STATISTIC.

15 AND WHO DOWNTOWN AT CITY HALL COULD REALLY BE
16 EXPECTED TO BE COMPASSIONATE ABOUT A STATISTIC? FOUR MILLION
17 ANGELENOS, TOGETHER WITH 100 COMMUNITIES THEY HAVE LIVED IN,
18 HAVE BECOME VICTIMS OF DESTRUCTION OF GOVERNMENT. THEY ARE
19 VICTIMIZED BY THE ENTRENCHED EGOS, BY THE TURF WARS, BY THE
20 INSATIABLE APPETITES OF THIS CITY'S POWERFUL BUREAUCRACIES,
21 WHOSE ONLY GOAL IS TO FIRST RETAIN POLITICAL POWER AND,
22 SECOND, TO ACQUIRE MORE OF IT.

23 LOOK AT CHARTER REFORM. THOSE AT 200 NORTH
24 SPRING STREET FOUGHT TO THE BITTER END TO AVOID EVEN GIVING UP
25 A SCINTILLA OF POWER, AND THE ONLY POWER WE ARE TALKING ABOUT
26 WAS TO SHARE POWER AMONG THEMSELVES BETWEEN THE MAYOR AND THE
27 COUNCIL.

28 IT'S BEEN POLITICAL HERESY SO FAR TO SUGGEST

1 THAT CITY HALL PART WITH ANY OF ITS POWER OR DEVOLVE IT DOWN
2 TO LOCAL COMMUNITIES TO DECIDE LOCAL ISSUES. WE WILL SEE WHAT
3 HAPPENS.

4 BUT WAIT, NOW, WAIT. WE ARE TOLD THAT
5 NEIGHBORHOOD COUNCILS ARE COMING, THAT THEY WILL SOLVE ALL OF
6 THE IMAGINED PROBLEMS OF LOCAL DISCONNECTS. BUT THE, QUOTE,
7 ADVISORY, UNQUOTE, NEIGHBORHOOD COUNCILS HAVE OFFERED THE
8 CITIZENS NO MORE THAN A PLACEBO.

9 YOU KNOW WHAT A PLACEBO IS. IT'S WHEN A
10 PHARMACEUTICAL PRODUCT IS TESTED AND THEY HAVE BLINDS, AND
11 THEY GIVE ONE SET OF PEOPLE THE REAL THING THAT THEY ARE
12 TESTING AND THE OTHER SET COATED SUGAR PILLS -- THEY ARE
13 CALLED PLACEBOS -- AND THEY DECIDE WHAT DIFFERENCES THERE ARE
14 AMONG THE TWO GROUPS.

15 WELL, THAT IS WHAT THESE ADVISORY NEIGHBORHOOD
16 COUNCILS ARE IS A PLACEBO, A SUGAR PILL, THE POLITICAL
17 EQUIVALENT OF SMOKE AND MIRRORS.

18 THEY ATTEMPT TO CREATE THE ILLUSION THAT THE
19 GIVING OF ADVICE IS THE EQUIVALENT TO EMPOWERMENT. IT IS
20 NOT.

21 THE RIGHT TO ADVISE WAS GUARANTEED 200 YEARS
22 AGO IN OUR BILL OF RIGHTS. IT IS CALLED FREEDOM OF SPEECH. I
23 AM NOT AWARE WE NEED ADVISORY CITY COUNCILS TO EXERCISE
24 FREEDOM OF SPEECH TO TELL ELECTED OFFICIALS WHAT WE LIKE OR
25 DON'T LIKE AND WHAT WE WANT OR DON'T WANT. CHAMBERS OF
26 COMMERCE, HOMEOWNER ASSOCIATIONS, CITIZENS GROUPS DO THAT
27 EVERY DAY.

28 SO WHY DO WE NEED A WHOLE NEW COSTLY

1 BUREAUCRACY OF ADVISORY NEIGHBORHOOD COUNCILS TO DO WHAT WE
2 HAVE BEEN DOING FOR YEARS?

3 EVEN CALIFORNIA'S STATE LIBRARIAN/HISTORIAN
4 KEVIN STARR, ONE OF THE STAUNCHEST FOES OF BREAKING UP THE
5 CITY OF LOS ANGELES, HAS FINALLY COME ABOARD THE BOROUGH
6 BANDWAGON. HE UNDERSTANDS WHAT WE WILL BE DISCUSSING TODAY.
7 HE HAS NOW CHAMPIONED THE NEED FOR RECONNECTIVITY BETWEEN
8 CITIZENS AND THEIR CITY GOVERNMENT BECAUSE HE KNOWS THAT ONLY
9 BY BREAKING DOWN L.A. CITY GOVERNMENT CAN IT AVOID BREAKING
10 UP.

11 TODAY WE WILL EXPLORE HOW LOCAL AND REGIONAL
12 GOVERNMENTS OUTSIDE OF LOS ANGELES WORK. WE ARE GOING TO
13 FOCUS ON WHAT CITIES EVEN LARGER THAN THE CITY STATE OF LOS
14 ANGELES -- LONDON, FOR EXAMPLE -- WHAT THEY HAVE DONE AND WHAT
15 WORKS AND WHAT DOESN'T WORK, THE RESULTS THEY HAVE ACHIEVED,
16 THE CITIZEN BENEFITS THEY HAVE CREATED.

17 WE ARE GOING TO TALK ABOUT NEW UNITS OF LOCAL
18 EMPOWERMENT, WHETHER WE CALL THEM BOROUGHES OR DISTRICTS OR
19 VILLAGES OR TOWNS OR COMMUNITIES, OR WHATEVER.

20 WE ARE GOING TO TALK ABOUT DEVOLVING POWER AS
21 WELL AS THE INCENTIVES TO USE THAT POWER JUDICIOUSLY. WE ARE
22 GOING TO TALK ABOUT NIMBYISM, THE STAPH INFECTION OF LOCAL
23 EVOLUTION, THE ANTIDOTES TO PREVENT AND CURE NIMBYISM. WE
24 WANT TO ADDRESS THESE MATTERS TODAY WITH OPEN AND INQUIRING
25 MINDS.

26 WE ARE GOING TO OPENLY ENTERTAIN QUESTIONS, WE
27 ARE GOING TO DEBATE ISSUES. AFTER ALL, THIS IS A SYMPOSIUM, A
28 COMING TOGETHER OF MINDS AND IDEAS.

1 AND AFTER HAVING DINNER WITH SOME OF THE
2 SPEAKERS LAST NIGHT, I CAN TELL YOU THIS IS THE GREATEST
3 COLLECTION OF MINDS ON THIS SUBJECT, I THINK, THAT HAS EVER
4 BEEN PUT TOGETHER. WE ARE VERY FORTUNATE.

5 LOS ANGELES FACES A NEW PARADIGM. AND THE NEW
6 PARADIGMS SOMETIMES ARE DIFFICULT TO ADJUST TO AND ACCEPT; WE
7 UNDERSTAND THAT.

8 LET'S HOPE THAT REASON AND GOOD SENSE CAN
9 PREVAIL AND THAT THE END GOAL WILL BE TO DO WHAT IS IN THE
10 BEST INTEREST OF THE COMMON GOOD FOR EVERYONE.

11 YOU KNOW, LOS ANGELES CAN BE AND SHOULD BE A
12 WORLD CLASS CITY WITH A QUALITY OF LIFE EVEN BETTER THAN ANY
13 OTHER CITY IN THE WORLD. CONSIDERING OUR CLIMATE AND, JUST
14 LOOKING AROUND TODAY, IT IS ABSOLUTELY BEAUTIFUL. I THINK
15 ANYBODY IN THE WORLD WOULD WANT TO LIVE HERE.

16 BUT, AS WE WILL SEE TODAY, IT IS GOING TO TAKE
17 A LOT OF HARD WORK AND A LOT OF CITIZEN INVOLVEMENT TO GET US
18 THERE.

19 THANK YOU VERY MUCH.

20 MR. ACKERMAN: AND NOW, TO BEGIN, I WANT TO
21 INTRODUCE A GENTLEMAN THAT I HAVE HAD THE PRIVILEGE OF
22 MEETING, SAM STALEY OF THE REASON FOUNDATION. HE AND BOB
23 SCOTT WORKED VERY HARD TO PUT THIS WHOLE PROGRAM TOGETHER.
24 AND SAM IS GOING TO COME UP AND TAKE CARE OF THE FIRST PANEL.

25 SO, SAM, WELCOME.

26 MR. SCOTT: WRITE THE QUESTIONS DOWN ON THOSE INDEX
27 CARDS, AND AS WE GET TOWARD THE END OF THE PANEL, WE WILL COME
28 AROUND AND PICK THOSE UP.

1 MR. STALEY: JOEL KOTKIN, IF YOU CAN COME UP. HE
2 WILL BE OUR FIRST SPEAKER.

3 AS WE MENTIONED EARLIER, THE BIOS ARE IN YOUR
4 FOLDERS. I AM NOT GOING TO TALK A LOT ABOUT JOEL. MOST OF
5 YOU ARE FAMILIAR WITH JOEL'S WORK ANYWAY.

6 WHAT YOU MAY NOT BE FAMILIAR WITH IS WORK HE
7 HAS BEEN DOING WITH REASON PUBLIC POLICY INSTITUTE WHERE HE
8 HAS BEEN FOCUSING ON RECONCEPTUALIZING THE CITIES,
9 PARTICULARLY OLDER AREAS AND WHAT HE HAS TERMED MIDOPOLIS,
10 WHICH WE TALK ABOUT TODAY.

11 AND ALSO, IN THE CONTEXT OF TECHNOLOGY, I WOULD
12 URGE YOU -- HE HAS A NEW BOOK OUT CALLED "THE NEW GEOGRAPHY."
13 I'M GOING TO PLUG IT, EVEN THOUGH HE DIDN'T ASK ME TO, BECAUSE
14 THIS REALLY DOES TALK ABOUT SOME OF THE TRENDS THAT ARE
15 SHAPING CITIES AND MAKING THEM VIABLE. AND I THINK THAT HAS
16 INCREDIBLY IMPORTANT IN LOCATIONS FOR GOVERNANCE, WHICH IS
17 REALLY THE SECOND HALF OF THIS PANEL.

18 SO JOEL.

19 MR. KOTKIN: I AM GOING TO JUST GO THROUGH THIS
20 PRETTY QUICKLY. WE WON'T HAVE THE MAXIMUM AMOUNT OF TIME FOR
21 EVERYONE TO PARTICIPATE.

22 IT IS VERY EXCITING FOR ME TO BE INVOLVED IN
23 THIS BECAUSE BESIDES THE FACT THAT IT IS AN INTELLECTUALLY
24 INTERESTING PHENOMENA TO LIVE IN THE SAN FERNANDO VALLEY AND
25 OWN A HOME HERE, TALKING ABOUT SOMETHING THAT IS VERY DEAR TO
26 HEART, BUT IT IS EXTREMELY IMPORTANT THAT WE START WITH THE
27 PREFACE THAT WHAT IS GOING ON HERE IS UNIQUE BUT ALSO NOT
28 UNIQUE AND THAT WHAT WE ARE REALLY TALKING ABOUT IS A

1 PHENOMENA THAT IS HAPPENING AS CITIES GET LARGER AND AS
2 TECHNOLOGY HAS BEEN PUSHING INDUSTRY FURTHER OUT INTO THE
3 PERIPHERY AND HOW IT HAS REALLY CHANGED THE NATURE OF WHAT THE
4 SAN FERNANDO VALLEY IS.

5 YOU KNOW, DAVID WAS TALKING ABOUT THE CHANGES
6 IN LOS ANGELES. LET'S TALK ABOUT THE CHANGES IN THE SAN
7 FERNANDO VALLEY.

8 SAN FERNANDO VALLEY 75 YEARS AGO, OF COURSE,
9 WAS PRETTY EMPTY. EVEN 40, 50 YEARS AGO IT WAS THE FRINGE OF
10 THE CITY.

11 TODAY THE SAN FERNANDO VALLEY IS NOT THE FRINGE
12 OF LOS ANGELES. THE SAN FERNANDO VALLEY IS SOMETHING THAT
13 LIES BETWEEN AN EXPANDING PERIPHERY, WESTLAKE VILLAGE,
14 ANTELOPE VALLEY ON ONE SIDE, OF COURSE AS YOU GO TO THE SOUTH
15 TOWARDS ORANGE COUNTY, VASTLY EXPANDING URBAN REGION. IT IS
16 REALLY BETWEEN THAT AND THE TRADITIONAL CORE.

17 SO I WAS TRYING TO FIGURE OUT WHAT THIS WAS,
18 BECAUSE I HAVE WRITTEN A LOT ABOUT THE PERIPHERY. IN THE BOOK
19 I REFER TO THEM AS NERDISTANS, WHICH ARE AREAS WHERE HIGH TECH
20 PEOPLE GO TO PLACES THAT NERDS LIKE.

21 AND THAT HAS REALLY BEEN WHERE THE GROWTH HAS
22 TAKEN PLACE. IF YOU LOOK AT THE PROJECTIONS OVER THE NEXT 10
23 TO 20 YEARS, SAN FERNANDO VALLEY AND COMMUNITIES LIKE IT ARE
24 NOT EXPECTED TO GROW THAT MUCH IN POPULATION, ACTUALLY HARDLY
25 AT ALL, COMPARED TO THEIR HISTORIC LEVELS OF GROWTH BACK IN
26 THE '50S, '60S, AND '70S.

27 SO WE HAVE TO UNDERSTAND, ALTHOUGH THIS IS NOT
28 A DOWNTOWN URBAN CORE, IT IS ALSO NOT A SUBURB LIKE THE

1 SUBURBS TO THE NORTH, FOR INSTANCE, ON THE 101 CORRIDOR OR
2 NEWHALL. THE DEMOGRAPHICS ARE DIFFERENT AND THE ECONOMIC
3 SITUATION IS DIFFERENT.

4 SO IF WE COULD HAVE THE FIRST SLIDE AND ALL THE
5 DIFFERENT LITTLE POINTS HERE.

6 I CALL THIS A MIDOPOLIS, WHICH IS SOMETHING
7 THAT LIES IN THE MIDDLE. THESE ARE MIDDLE PLACES. IT IS NO
8 LONGER SUBURBIA.

9 YOU KNOW, THE OLD SORT OF VALLEY GIRL IMAGE OF
10 THE SAN FERNANDO VALLEY IS SO INADEQUATE TODAY, IT MAKES
11 ABSOLUTELY NO SENSE BECAUSE THE VALLEY IS REALLY SOMETHING
12 VERY DIFFERENT THAN WHAT IT ONCE WAS. IT IS NO LONGER THE
13 SUBURB OF THE CITY IN THAT, A, THAT VALLEY RESIDENTS
14 OVERWHELMINGLY WORK IN THE CITY OF LOS ANGELES, THAT THEY
15 DON'T, AND SECOND OF ALL, THAT THIS IS THE PLACE THAT EXISTS
16 AS AN ADJUNCT, AS A BEDROOM TO LOS ANGELES. IT IS REALLY
17 SOMETHING QUITE DIFFERENT.

18 THESE ARE OLDER SUBURBS. THE SAN FERNANDO
19 VALLEY, LIKE MANY OF US, IS GOING INTO MIDDLE AGE. IT IS NOW
20 40, 50 YEARS OLD. THE HOUSE THAT I OWN IS ALMOST 70 YEARS
21 OLD.

22 THESE NEIGHBORHOODS ARE NOW GOING THROUGH THE
23 VERY TRADITIONAL URBAN PATTERN OF, IN SOME CASES, DECAYING, IN
24 SOME CASES GETTING BETTER, SOME CASES GETTING WORSE. BUT VERY
25 MUCH LIKE URBAN NEIGHBORHOODS, SHERMAN OAKS, STUDIO CITY,
26 TOLUCA LAKE ARE NOT SUBURBAN COMMUNITIES ANY MORE IN THE SENSE
27 OF BEING THE PERIPHERY OF THE CITY. THEY ARE URBAN
28 NEIGHBORHOODS WITH THEIR OWN HISTORIES AND THEIR OWN ABILITY

1 TO GO UP AND DOWN, WHICH IS WHY THIS IS SO IMPORTANT.

2 WHEN DAVID WAS MAKING THE POINT ABOUT THE
3 BURBANK EXPERIENCE -- AND WE'LL GET BACK TO THAT A LITTLE
4 BIT -- OR THE GLENDALE EXPERIENCE, THESE ARE REALLY THE
5 EXPERIENCE OF SMALLER CITIES COMPETING WITH ESSENTIALLY A CITY
6 THAT DOESN'T EXIST YET CALLED THE L.A. PART OF THE SAN
7 FERNANDO VALLEY.

8 WHAT TYPE OF AREAS WOULD YOU SAY ARE SIMILAR TO
9 THIS? WHERE I GREW UP ON LONG ISLAND, NEW YORK, AN OLDER
10 SUBURB, NASSAU COUNTY NOW HAS BEEN REALLY BUILT OUT FOR 30 OR
11 40 YEARS. THERE ARE NOW OTHER SUBURBS FURTHER OUT. IT IS AN
12 OLDER SUBURB, SAN FERNANDO VALLEY, AND ODDLY ENOUGH THE
13 SILICON VALLEY, SANTA CLARA, IS AN OLDER SUBURB.

14 MOST OF THESE AREAS HAD THEIR BIG EXPANSIONS IN
15 THE '50S, '60S, '70S. THEY ARE IN A DIFFERENT STAGE OF
16 DEVELOPMENT NOW.

17 AND WE REALLY, IN DOING THE RESEARCH WITH SAM,
18 ONE OF THE THINGS THAT I THINK WE FOUND IS WE ARE ESSENTIALLY
19 DEFINING SOMETHING IN WHICH THERE WAS VIRTUALLY NO RESEARCH
20 BECAUSE OLDER SUBURBS HAVE, FOR THE MOST PART, NOT BEEN
21 RESEARCHED, AND THE RESEARCH, AS WE WILL DISCUSS THAT HAS BEEN
22 DONE SO FAR, HAS BEEN PRETTY TAINTED.

23 CAN WE HAVE THE NEXT SLIDE.

24 WHAT ORIGINALLY HAPPENED WITH THESE AREAS IS
25 THEY STARTED OFF AS RESIDENTIAL. THERE WAS A LOT OF TRACT
26 HOUSING IN THE '50S AND '60S, HIGH LEVELS OF COMMUTING. THEY
27 WERE AUTOMOTIVELY ORIENTED.

28 ALTHOUGH L.A. DID START WITH SOME STREETCAR

1 SUBURBS, FUNDAMENTALLY THESE WERE SPREAD-OUT CITIES, SO THEY
2 WERE NOT CITIES LIKE TRADITIONAL CITIES. BUT PEOPLE GET THIS
3 IDEA THAT IF A CITY DOES NOT LOOK LIKE CHICAGO OR NEW YORK OR
4 BOSTON, IT IS NOT A CITY. THE REALITY IS THE MIDOPOLIS, THE
5 OLDER SUBURBS, ARE BECOMING A NEW KIND OF CITY, AND PEOPLE
6 HAVE NOT REALLY COME TO GRIPS WITH THIS.

7 IF WE GO TO THE NEXT SLIDE, WE CAN SEE THAT
8 SUBURBANIZATION HAS CONTINUED TO GROW AND GROW QUITE RAPIDLY
9 AND HAS GROWN FASTER THAN THE CITY.

10 SO THE ECONOMIC GROWTH HAS BEEN FUNDAMENTALLY
11 SUBURBAN, BUT NOW IT IS DISTRIBUTED BETWEEN TWO TYPES OF
12 SUBURB: THE MIDOPOLIS, THE OLDER SUBURB, AND ONE YOU MIGHT
13 CALL THE NERDISTAN OR THE PERIPHERAL SUBURB.

14 IF WE GO TO THE NEXT SLIDE.

15 THE TREND HAS BEEN TO LOWER DENSITY SUBURBS.

16 WE ARE GOING TO TALK A LITTLE BIT, I AM SURE IN
17 THIS DISCUSSION, ABOUT NEW URBANISM. THE PROBLEM WITH NEW
18 URBANISM, WHICH IS A THEORY WHICH BASICALLY SAYS WE SHOULD ALL
19 BE LIVING IN CROWDED APARTMENTS AROUND SUBWAY STOPS AND
20 BASICALLY THINKS THAT THE IDEAL WAY TO LIVE IS THE WAY THAT
21 PEOPLE LIVE IN THE CENTRAL PARTS OF LONDON OR NEW YORK CITY,
22 AND THOSE OF US WHO CAME TO CALIFORNIA BECAUSE WE WANT A
23 LITTLE BIT MORE SPACE REALLY ARE ON THE WRONG TRACK.

24 THE FACT OF THE MATTER IS THE MARKET IS TELLING
25 US THAT BASICALLY MOST PEOPLE, PARTICULARLY FAMILIES, WANT
26 SPACE. IF YOU HAVE GOT A YOUNG KID, AS I DO, YOU KNOW THAT
27 HAVING THAT BACKYARD IS A BIG PLUS. AND NO MATTER WHAT THE
28 SOCIAL ENGINEERS TRY TO DO, PEOPLE ARE GOING TO CONTINUE TO

1 WANT TO DO THAT, AT LEAST MOST PEOPLE WHO HAVE FAMILIES.

2 AND THAT IS ONE OF THE GREAT APPEALS THE SAN
3 FERNANDO VALLEY STILL HAS. IT IS IN AN URBAN AREA. IT HAS
4 THE KIND OF VITALITY AND DIVERSITY THAT WE WILL TALK ABOUT
5 THAT IS EXCITING, BUT YOU CAN STILL OWN A HOME, HAVE A POOL IN
6 THE BACK YARD, HAVE A BARBECUE, HAVE THAT LITTLE BIT OF
7 AUTONOMY WHICH I THINK IS AN INHERENT PART OF THE AMERICAN
8 CHARACTER.

9 IF WE GO TO THE NEXT SLIDE.

10 THERE HAVE BEEN SOME SIGNIFICANT CHANGES THAT
11 HAVE CHANGED THIS OLD SUBURB, IF YOU WILL, THE VALLEY GIRL
12 SUBURB OF THE 1970S EVEN, INTO THE NEW KIND OF MIDOPOLIS, A
13 MORE SOPHISTICATED AND COMPLEX REALITY THAT WE HAVE NOW IS ONE
14 GROWING ETHNIC DIVERSITY.

15 I REMEMBER IN THE OLD DAYS IN THE SAN FERNANDO
16 VALLEY YOU BASICALLY DIDN'T REALLY SEE A LOT OF ETHNIC
17 DIVERSITY THE WAY YOU DO NOW. YOU GO TO VAN NUYS, SHERMAN
18 OAKS PARK, YOU WILL HEAR ARABIC, YOU WILL HEAR ARMENIAN, YOU
19 WILL HEAR SPANISH, YOU WILL HEAR HEBREW, YOU WILL HEAR FIVE,
20 SIX, SEVEN LANGUAGES, OCCASIONALLY ENGLISH TOO. AND WHAT YOU
21 ARE FINDING IS THE VALLEY IS NOW BECOMING, AND OTHER OLDER
22 SUBURBS ARE GOING THROUGH THE SAME THING, ARE BECOMING VERY,
23 VERY, DIVERSE PLACES. SOME OF THE BEST ETHNIC FOOD, SOME OF
24 THE NICEST ETHNIC MARKETS ARE NOW IN THE VALLEY.

25 THE VALLEY IS NOW MORE HEAVILY ASIAN THAN THE
26 NON-VALLEY PARTS OF L.A. AND BECOMING INCREASINGLY ASIAN.
27 THE HISPANIC POPULATION OF THE VALLEY IS VERY LARGE. WE WILL
28 GET INTO THAT SUBJECT IN A LITTLE BIT.

1 WHAT'S INTERESTING IS WHEN PEOPLE MAKE THE
2 ARGUMENT THE VALLEY IS SECEDING TO GET AWAY FROM, QUOTES,
3 PEOPLE OF COLOR, WELL, THEY MUST HAVE A PRETTY WEIRD SENSE OF
4 WHAT PEOPLE OF COLOR ARE BECAUSE THOSE ARE THEIR NEIGHBORS.

5 THE VALLEY IS NOT -- LIKE WHEN I GO OUT
6 SOMETIMES TO PLACES LIKE NEWHALL, I WAS COMMENTING, "NOW I
7 KNOW WHERE ALL THE WHITE PEOPLE WENT." THE VALLEY ISN'T THAT
8 ANY MORE. THE VALLEY IS A VERY DIVERSE PLACE AND GETTING MORE
9 DIVERSE.

10 THE OTHER THING THAT IS CHANGING THE REALITY OF
11 MIDOPOLIS, AND PARTICULARLY IN THE VALLEY, IS A SHIFT TO THE
12 PERIPHERY OF -- PARTICULARLY OF THE HIGH TECH INDUSTRIES TO
13 PLACES SUCH AS WESTLAKE, THOUSAND OAKS.

14 WHEN WE THINK ABOUT THE SUBURBS, TRADITIONALLY
15 WE THINK ABOUT THE SUBURB, THERE IS THE CITY, THE SUBURB IS
16 NEXT TO IT.

17 NOW YOU HAVE TO MAKE ANOTHER LEVEL. THERE IS
18 ANOTHER RING BEYOND THE TRADITIONAL SUBURB, AND THAT IS A
19 REALITY THAT IS SHAPING WHAT IS HAPPENING HERE.

20 IN MANY CASES THOSE AREAS ARE MORE EXPENSIVE,
21 FOR INSTANCE, THAN TO BUY A HOME IN THAN THE AREAS OF THE SAN
22 FERNANDO VALLEY. THEY ARE DEFINITELY AN OPTION.

23 ANY BUSINESS THAT IS HERE ALWAYS HAS THE OPTION
24 OF GOING TO WESTLAKE AND THOUSAND OAKS. I CAN TELL YOU I
25 SPOKE TO THE NEWHALL LAND COMPANY LAST WEEK, AND THEY SAY THE
26 VAST MAJORITY OF THE BUSINESSES MOVING THERE ARE COMING RIGHT
27 OUT OF THE SAN FERNANDO VALLEY.

28 PART OF THE PROBLEM IS, OF COURSE, THE

1 INFRASTRUCTURE. SO ALL THESE ISSUES OF GOVERNANCE BECOME MORE
2 IMPORTANT BECAUSE ESSENTIALLY AS AN OLDER SUBURB, AS A PLACE
3 WITH AGING INFRASTRUCTURE, THE OPTION OF GOING DOWNHILL IS
4 RIGHT IN FRONT OF US.

5 ACTUALLY, I QUOTE BOB SCOTT IN THE NEW
6 GEOGRAPHY ON EXACTLY THIS. THE VALLEY COULD BECOME A GREAT
7 PLACE, A NEW MODEL, A NEW WAY OF LIFE THAT OFFERS
8 OPPORTUNITIES FOR ALL SORTS OF PEOPLE, OR IT COULD DECLINE.
9 IN MANY EUROPEAN COUNTRIES THE OLDER SUBURBS HAVE BECOME SLUMS
10 AND SOME PLACES IN THE UNITED STATES AS WELL.

11 GOING TO THE NEXT SLIDE.

12 I WANT TO MAKE THIS POINT ABOUT THE DIVERSITY
13 OF THE VALLEY. WHAT IS HAPPENING CLEARLY IS MINORITY
14 POPULATIONS ARE MOVING TO THE VALLEY AND TO OTHER SUBURBS. SO
15 WE ARE NOT JUST TALKING ABOUT SOMETHING THAT IS UNIQUE BECAUSE
16 L.A. IS SUCH A DIVERSE CITY, ALTHOUGH IT IS; THIS IS HAPPENING
17 EVERYWHERE.

18 ACTUALLY, IN MOST SUNBELT CITIES WHAT WE FOUND
19 IS THAT MOST OF THE ETHNIC GROWTH, LATINO AND PARTICULARLY
20 ASIAN ETHNIC GROWTH, IS GOING DIRECTLY INTO THE SUBURBS. IT
21 IS NOT IN DOWNTOWN HOUSTON THAT YOU FIND THE ASIAN
22 POPULATION. IT IS IN THE SORT OF OLDER SUBURBS WHERE YOU SEE
23 IT. SAME THING IS TRUE IN DALLAS. SAME THING IS TRUE IN
24 ATLANTA. IN THE CASE OF ATLANTA, MOST OF THEM AREN'T EVEN IN
25 FULTON COUNTY, WHICH IS WHERE THE CITY OF ATLANTA IS.

26 SO WHAT WE ARE SEEING IS THE SUBURBS ARE THE
27 PLACE WHERE EVERYONE IS GOING. WHY ARE THEY GOING THERE? FOR
28 THE SAME REASONS EVERYONE ELSE WENT THERE. PEOPLE WANT TO OWN

1 A HOME, MAYBE THEY THINK IT'S A LITTLE SAFER, THE SCHOOLS MAY
2 BE A LITTLE BIT BETTER, AND INCREASINGLY THE ECONOMIC ACTIVITY
3 IS EVEN LOCATED IN THE OLDER SUBURBS OR OUT IN THE PERIPHERY,
4 AND IT IS MUCH EASIER TO GET THERE.

5 IF YOU GET TO THE NEXT ONE.

6 AGAIN, THE SAN FERNANDO VALLEY, WE CAN SEE THIS
7 DRAMATIC CHANGE IN THE DIVERSITY OF SAN FERNANDO VALLEY.

8 YOU KNOW, ONE OF THE INTERESTING THINGS I SAW
9 IN THE L.A. TIMES, THERE WAS AN ARTICLE ABOUT THE ELECTION,
10 THE MAYORAL ELECTION. THERE IS A MAYORAL ELECTION? YES. NOT
11 THAT MUCH IS BEING WRITTEN ABOUT IT OR PEOPLE PAYING TOO MUCH
12 ATTENTION, BUT THEY WERE MAKING THE COMPARISON THAT THE OLD
13 YORTY VOTERS WERE NOW GOING TO BE -- ARE IN THE VALLEY, AND
14 THEY ARE GOING TO VOTE FOR THE MORE CONSERVATIVE CANDIDATE.

15 I HATE TO TELL YOU, THE YORTY VOTERS HAVE
16 EITHER MOVED, THEY HAVE GONE TO OTHER PLACES IN THE WEST, OR
17 THEY HAVE DIED.

18 THE REALITY IS 70 PERCENT OF THE SAN FERNANDO
19 VALLEY VOTED FOR AL GORE. SO THE IDEA THAT THIS VAST, OLD,
20 CONSERVATIVE SUBURBAN VOTER IS THE PREDOMINANT PERSON IN SAN
21 FERNANDO VALLEY IS SIMPLY WRONG, IT JUST ISN'T WHAT IS
22 HAPPENING.

23 AND THE VALLEY IS BECOMING A PLACE WHERE THERE
24 ARE LARGE POPULATIONS OF LATINOS AND ASIANS. WE ALREADY HAVE
25 SEEN LATINO POLITICAL POWER, AND A CITY OF THE SAN FERNANDO
26 VALLEY WOULD BE A CITY WITH SIGNIFICANT LATINO POWER. AND
27 ULTIMATELY MANY OF THE BOROUGHES, IF YOU BROKE IT UP INTO
28 BOROUGHES, SEVERAL OF THE BOROUGHES OF THE SAN FERNANDO VALLEY

1 WOULD BE THEMSELVES OVERWHELMINGLY MINORITY.

2 SO THIS WHOLE IDEA THAT THIS IS WHITE FLIGHT IS
3 JUST WRONG. THE WHITE FLIGHT IS TAKING PLACE OUT THERE, OUT
4 TOWARDS THE 101 CORRIDOR, NEWHALL. THAT'S WHERE WHITE FLIGHT
5 PEOPLE THAT DON'T LIKE THE CITY, THAT'S WHERE THEY ARE GOING.
6 YOU GO TO WESTLAKE VILLAGE, YOU GO TO THOUSAND OAKS, THEY LOOK
7 AT THE SAN FERNANDO VALLEY AS THE CITY.

8 SOMETIMES WHEN I HAVE TO SPEND A LOT OF TIME
9 THERE, WHEN I GO OUT THERE, I SUPPOSE YOU KNOW THEY ARE SORT
10 OF SURPRISED THAT I'M NOT A CHOLO OR SOMETHING BECAUSE I CAME
11 FROM THE SAN FERNANDO VALLEY. SO THE REALITY IS THE VALLEY IS
12 CHANGING, THE OLDER SUBURBS ARE CHANGING.

13 IF WE GO TO THE NEXT SLIDE.

14 WHAT IS HAPPENING NOW IS THERE ARE A GROUP OF
15 PEOPLE COMING OUT THERE, NEW URBANISTS, SOME OF THEM CALL
16 THEMSELVES REGIONALISTS, AND WHAT THEY ARE SAYING IS WHAT HAS
17 HAPPENED TO THE INNER CITY IS NOW HAPPENING OR BEGINNING TO
18 HAPPEN IN THE SUBURBS.

19 MIKE DAVIS WAS ONE OF THE GREAT HEROES OF THE
20 INTELLECTUAL ELITES OF LOS ANGELES AND IS STILL,
21 UNFORTUNATELY, CONSIDERED TO BE THE GREAT INTERPRETER OF L.A.,
22 SAYS MANY OF THE AGING SUBURBS ARE TRAPPED IN THE SAME
23 DOWNWARD SPIRAL FROM GARDEN CITY TO CRAB GRASS SLUM, AND IT
24 TALKS ABOUT BASICALLY THE DESTRUCTION OF SUBURBIA.

25 SO WHAT THERE IS IS A NEW KIND OF INTELLECTUAL
26 ARGUMENT OUT THERE WHICH IS BASICALLY SAYING THAT OLDER
27 SUBURBS ARE INEVITABLY GOING TO DECLINE. THEY ARE GOING TO
28 BECOME JUST LIKE THE OLDER CITIES.

1 NOW, THE INTERESTING THING ABOUT THIS, AS WE
2 GET INTO IT, IS TWO THINGS ARE WRONG. ONE, IN MANY CASES,
3 THOUGH NOT SO MUCH IN L.A., MANY OF THE INNER CITIES ARE
4 COMING BACK. AND THERE IS A REASON REPORT WHICH DOCUMENTS
5 THAT.

6 BUT THE SECOND THING THAT'S REALLY INTERESTING
7 TO ME IS THAT I DON'T THINK THE OLDER SUBURBS ARE DECLINING.
8 I THINK THAT SOME OF THEM ARE, SOME OF THEM AREN'T, AND YOU
9 CERTAINLY CAN'T SAY THE STORY IS OVER.

10 IF YOU GO TO THE NEXT SLIDE.

11 WHAT ARE THESE PEOPLE SAYING? THE SOLUTION IS
12 REGIONAL GOVERNMENT. PART OF THEIR IDEA IS LET'S ALLOCATE TAX
13 DOLLARS AWAY FROM THE FAVORED QUARTER, THE SO-CALLED RICH
14 SUBURBS, TO THE POORER ONES AND TO HAVE THIS REGIONAL
15 GOVERNMENT -- TO SOME EXTENT THEY ARE EVEN SAYING WE ARE GOING
16 TO HAVE -- FROM THE TOP, WE ARE GOING TO DICTATE WHAT YOUR
17 COMMUNITY SHOULD LOOK LIKE.

18 WHAT IS REALLY HAPPENING IS THE SORT OF
19 VICTIMIZATION OF THE INNER SUBURBS IS NOW BEING USED AS A
20 REASON FOR SAYING LET'S NOW PUT THE INNER SUBURBS UNDER
21 GOVERNMENT CONTROL, HIGHER UP.

22 WHAT IS REALLY FUNNY IS, I LOVE THIS RHETORIC
23 BECAUSE I ALWAYS SAY WE WANT TO MAKE SURE FOR A MORE
24 DEMOCRATIC SOLUTION. BUT THE DEMOCRATIC SOLUTION IS ALWAYS TO
25 LET THE ARCHITECTS AND PLANNERS IMPOSE IT FROM FURTHER AND
26 FURTHER AWAY.

27 I GUESS THE ULTIMATE DEMOCRACY WOULD BE THE
28 ONE, I GUESS, THAT JOSEPH STALIN WOULD HAVE LIKED, SORT OF A

1 ONE-MAN DEMOCRACY, YOU KNOW, "I AM THE PERSON WHO DECIDES WHAT
2 HAPPENS." THIS IS BECOMING VERY POWERFUL INSIDE THE POLICY
3 WORLD. THIS POINT OF VIEW HAS GOTTEN ENORMOUS CURRENCY IN THE
4 MEDIA, AND YOU ARE GOING TO HEAR MORE AND MORE ABOUT IT.

5 THE ONLY WAY TO SAVE THE OLDER SUBURBS IS TO
6 HAVE A REGIONAL SOLUTION. THE POLITICAL STRATEGY IS WE ARE
7 GOING TO LINK THE OLDER SUBURBS WITH THE INNER CITY AND CREATE
8 A REDISTRIBUTION MODEL THAT WILL SOLVE ALL THE PROBLEMS. NOW,
9 THE ONE BIG PROBLEM WITH ALL THIS IS THAT IT IS NOT TRUE.

10 AND IF WE GO TO THE NEXT ONE.

11 THE REALITY IS THAT MANY OF THE INNER SUBURBS
12 ARE THRIVING. IF YOU GO TO PARTS, FOR INSTANCE, OF THE SAN
13 FERNANDO VALLEY -- STUDIO CITY, SHERMAN OAKS, TOLUCA LAKE ARE
14 THREE COMMUNITIES THAT I CAN THINK OF -- THEN YOU CAN GO TO
15 BURBANK, WHICH IS AN OLDER SUBURB, WHAT YOU WOULD FIND IS
16 THESE COMMUNITIES ARE THRIVING. THEY ARE NOT DYING THE WAY
17 THE CRITICS SAY.

18 WE HAVE TO LOOK, IF YOU TAKE THE NEXT MAP, AT
19 WHAT IS HAPPENING WITH PROPERTY ASSESSMENTS. WHAT WE ARE
20 FINDING IS THAT THERE HAS BEEN RAPID PROPERTY APPRECIATION IN
21 THE LAST FIVE YEARS IN MANY OF THE OLDER SUBURBS. AND SO THE
22 IDEA THAT THE OLDER SUBURBS LIKE THE SAN FERNANDO VALLEY ARE
23 INEVITABLY GOING TO DECLINE IS JUST INACCURATE, IT IS WRONG,
24 IT IS OFF TARGET, AND IT DOESN'T GET TO THE PROBLEM.

25 THE REAL PROBLEM IS YOU HAVE TO DRILL DOWN A
26 LITTLE BIT LOWER.

27 NEXT ONE, PLEASE.

28 WHAT YOU FIND OUT IS THAT SOME COMMUNITIES ARE

1 DOING WELL AND SOME AREN'T.

2 SOMETIMES A COMMUNITY HAS AN ADVANTAGE. IT HAS
3 A NICER HOUSING STOCK. IT HAS GOT A NICER PHYSICAL LOCATION.
4 IN MANY MANY CASES THEY HAVE GOT A NICER DOWNTOWN OR SHOPPING
5 AREA THAT WAS EASIER TO RECOVER.

6 BUT AS I HAVE STUDIED THIS AROUND THE COUNTRY,
7 WHAT I HAVE FOUND IS THE REAL DIFFERENCE IS USUALLY THE NATURE
8 OF THE LOCAL COMMUNITY AND THE ABILITY OF THE LOCAL COMMUNITY
9 TO DO THE WORK THAT IS NECESSARY TO BE DONE.

10 DAVID MENTIONED BURBANK OR THE SMALLER CITIES
11 AROUND HERE. YOU DRIVE ALONG ANY OF THE BOULEVARDS GOING FROM
12 THE SAN FERNANDO VALLEY INTO BURBANK, AND YOU KNOW WHEN YOU
13 ARE IN BURBANK. THERE IS ECONOMIC ACTIVITY, IT IS CLEANER,
14 THINGS ARE IN BETTER CONDITION.

15 LET'S FACE IT. BURBANK ISN'T ANY PRETTIER THAN
16 THE SURROUNDING PARTS OF THE SAN FERNANDO VALLEY. THE HOUSING
17 STOCK ISN'T NICER. AND, OF COURSE, REMEMBER "BEAUTIFUL
18 DOWNTOWN BURBANK"? I MEAN, REALLY, IT WAS A JOKE AT ONE
19 TIME. NOW IT IS ACTUALLY A REALLY NICE DOWNTOWN.

20 THAT WASN'T DONE BECAUSE SOME REGIONAL
21 GOVERNMENT DECIDED TO MAKE IT HAPPEN. IT HAPPENED BECAUSE THE
22 PEOPLE OF BURBANK AND THEIR GOVERNMENT GOT TOGETHER AND THE
23 BUSINESSES THERE AND SAID, "WE ARE GOING TO MAKE A BETTER
24 COMMUNITY."

25 AND IT IS NOT UNIQUE TO BURBANK. IT IS PLACES
26 LIKE DOWNERS GROVE, ILLINOIS, WHICH HAS DONE THE SAME THING.

27 THE KEY FACTOR HERE, AS WE WILL GET TO THE END
28 HERE, IS THAT THESE ARE SMALL COHESIVE CITIES WHERE YOU CAN

1 RUN FOR CITY COUNCIL WITHOUT BEING OWNED BY THE PUBLIC
2 EMPLOYEES' UNIONS OR THE BIG DEVELOPERS. YOU CAN DRAW AS AN
3 INDEPENDENT, YOU CAN MEET YOUR NEIGHBORS, YOU CAN HAVE
4 BACK-AND-FORTH.

5 IN SOME AREAS ETHNIC GROUP-LED RESURGENCE:
6 HEMPSTEAD, LONG ISLAND, NEAR WHERE I GREW UP, WHICH WAS GOING
7 FOR YEARS NOW HAS A SALVADORIAN POPULATION IN PARTICULAR,
8 JAMAICAN POPULATION MOVING IN, REALLY HELPING TO REVIVE THAT
9 AREA.

10 THE SAN GABRIEL VALLEY, BASICALLY THE NEW
11 TAIWAN, AS SOME PEOPLE CALL IT, TREMENDOUS ECONOMIC GROWTH,
12 AGAIN DRIVEN BY ETHNIC MOVEMENT INTO SUBURBIA.

13 AND EVEN THE CITY OF SAN FERNANDO, WHICH IS A
14 WORKING CLASS LATINO AREA, BUT IT'S DOING SO MUCH BETTER THAN
15 THE SURROUNDING PARTS OF LOS ANGELES.

16 THE OTHER FACTOR, JUST ON A STRATEGIC LEVEL, IS
17 SPRAWL DOESN'T NECESSARILY WORK AGAINST THE INNER CITY. BUT
18 IT CERTAINLY DOESN'T WORK AGAINST THE MIDOPOLIS BECAUSE THE
19 KEY THING IS AS BUSINESS WAS FURTHER OUT, THE MIDOPOLIS, THE
20 OLDER SUBURB, BECOMES MORE STRATEGICALLY THE CENTER.

21 THE REAL CENTER OF THE L.A. ECONOMY IS NOT
22 DOWNTOWN, IT IS PLACES LIKE THE SAN FERNANDO VALLEY, BECAUSE,
23 FIRST OF ALL, SAN FERNANDO VALLEY HAS MORE GROWING COMPANIES,
24 MORE FORTUNE 500 COMPANIES THAN THE CENTRAL PART OF THE CITY
25 DOES. AND IT ALSO HAS THE ADVANTAGES FOR, LET'S SAY, A
26 WORKING COUPLE; ONE PERSON CAN BE WORKING AT DISNEY OR WORKING
27 IN ONE OF THE BUSINESSES HERE IN THE SAN FERNANDO VALLEY, THE
28 OTHER ONE CAN BE WORKING OUT IN THOUSAND OAKS WHERE JOBS ARE

1 BEING CREATED AND THEY ARE RELATIVELY CONVENIENT.

2 SO ESSENTIALLY SPRAWL ACTUALLY MAKES THE OLDER
3 SUBURBS MORE STRATEGICALLY VALUABLE.

4 CAN WE HAVE THE NEXT ONE.

5 WE SEE THIS, IF WE TAKE A LOOK AT SOME OF
6 THIS -- GOING FASTER THAN I CAN READ. BUT BASICALLY WHAT YOU
7 ARE SEEING IS THAT WHEN WE LOOKED AT THE REAL ESTATE TRENDS,
8 THE OFFICE TRENDS, THAT THERE IS STILL STRONG DEMAND IN THESE
9 MIDOPOLIS AREAS.

10 SO AGAIN IF YOU WERE GOING TO SAY THAT THIS
11 AREA WAS DECLINING, THEN HOW WOULD YOU EXPLAIN RISING PROPERTY
12 VALUES? HOW WOULD YOU EXPLAIN THE DEMAND FOR HOMES? HOW
13 WOULD YOU EXPLAIN THE TREMENDOUSLY LOW RATES OF VACANCIES FOR
14 HOUSING?

15 NONE OF THOSE THINGS WOULD BE TRUE IN A
16 DECLINING AREA. YET PEOPLE SAY WELL, YES, THERE ARE PLACES --
17 IF YOU GO TO THE NEXT SLIDE, YOU CAN SEE THAT THERE ARE PLACES
18 THAT ARE NOT DOING WELL. BUT IT IS A MORE BALANCED PICTURE.

19 YOU HAVE AREAS THAT ARE NOT DOING WELL, PLACES
20 LIKE ARLETA, FOR INSTANCE, WHERE THERE IS A GREAT DEAL OF
21 POVERTY. BUT THE REALITY IS IT IS A MIXED SPECTRUM, JUST LIKE
22 ANY OTHER COMMUNITY.

23 SO THE QUESTION BECOMES NOT IS THE OLDER SUBURB
24 ALL GOING TO DECLINE, IS IT INEVITABLE, IS THERE SOME
25 INEXORABLE DECLINE THAT IS GOING TO TAKE PLACE? NO. IT IS
26 ABOUT WHAT THE QUALITY OF GOVERNMENT IS.

27 SO IF WE TO GO THE LAST SLIDE: WHAT DO I THINK
28 WE NEED TO DO ABOUT IT? FROM LOOKING AT THIS AGAIN, NOT JUST

1 IN L.A. BUT IN LOTS IN OTHER COMMUNITIES, IN CHICAGO AREA AND
2 OTHER AREAS, IS FIRST OF ALL THIS IS WHAT I THINK THE OLDER
3 SUBURBS NEED TO DO: ONE, I THINK THERE ARE SOME THINGS TO
4 TAKE ADVANTAGE OF. ONE, ANTIGROWTH SENTIMENT IN THE
5 NERDISTANS, THE OUTER SUBURBS, IS NOW PRETTY EXTREME. IT IS
6 VERY DIFFICULT TO BUILD IN VALENCIA AND THOUSAND OAKS. THE
7 PRICE OF DEVELOPMENT IS GOING UP IN THOSE AREAS.

8 THERE IS AN ADVANTAGE THERE, PLUS NEW
9 INFRASTRUCTURE IS VERY EXPENSIVE. THIS AREA HAS AN
10 ESTABLISHED INFRASTRUCTURE. HOUSING COSTS, THE CANEJO VALLEY
11 HOUSING COSTS COULD BE 50 TO \$100,000 HIGHER FOR THE SAME
12 QUALITY OF HOUSE. THAT IS THE ADVANTAGE FOR THE VALLEY.

13 I THINK WHEREVER POSSIBLE THE OLDER SUBURBS
14 HAVE TO GIVE UP THE IDEA THAT THEY ARE JUST GOING TO BE -- YOU
15 CAN'T OUT-SHOPPING-MALL THOUSAND OAKS. BUT WHAT YOU CAN DO IS
16 TAKE ADVANTAGE OF THOSE LITTLE PLACES IN THE VALLEY WHERE
17 THERE IS A SORT OF MORE TRADITIONAL SORT OF DOWNTOWN SHOPPING
18 KIND OF AREA.

19 STUDIO CITY, SHERMAN OAKS ARE TWO GREAT
20 EXAMPLES OF WHAT CAN BE DONE. DOWNTOWN BURBANK. PEOPLE IN
21 THE VALLEY WOULD LIKE TO HAVE THAT KIND OF ENVIRONMENT. IT IS
22 SOMETHING THAT YOU CAN'T FIND IN THE OUTER SUBURBS, AND IT IS
23 SOMETHING WE SHOULD WORK ON.

24 AND FINALLY, HOW DO YOU DO ALL THIS? THE KEY
25 THING IS TO BRING GOVERNMENT TO THE LOCAL LEVEL, JUST TO GET
26 BACK TO THE MAIN POINT. I THINK THE OLDER SUBURBS CAN COME
27 BACK. SOME OF THEM ARE COMING BACK.

28 AND THE QUESTION OF WHERE THEY GO LONG-TERM IS

1 REALLY A QUESTION OF GOVERNANCE. IF GOVERNANCE IS DONE BY THE
2 PEOPLE THAT ARE LOCAL, BY PEOPLE WHO UNDERSTAND THEIR AREAS
3 AND CAN CUSTOMIZE WHAT NEEDS TO BE DONE FOR THE NEEDS OF THOSE
4 AREAS, I THINK THE PROSPECTS FOR PLACES LIKE SAN FERNANDO
5 VALLEY COULD BE TREMENDOUS.

6 BUT IF WE CONTINUE TO ALLOW DECISIONS TO BE
7 MADE AT CITY HALL OR, EVEN WORSE, BY SOME HUGE REGIONAL
8 AGENCY, THEN I THINK THESE AREAS WILL FULFILL THE PROPHECIES
9 OF THE NEW URBANISTS, THE REGIONALISTS AND GO INTO LONG-TERM
10 DECLINE.

11 AND, AS A RESIDENT OF THE SAN FERNANDO VALLEY,
12 I DON'T WANT TO SEE THAT HAPPEN, AND I DON'T THINK YOU DO
13 EITHER.

14 THANK YOU.

15 MR. SCOTT: WRITE DOWN YOUR QUESTIONS FOR JOEL.
16 AND THEN AT THE END, WE WILL TAKE QUESTIONS FOR BOTH OF THOSE.

17 MR. STALEY: JOEL MENTIONED THAT HE IS CURRENTLY
18 WRITING A STUDY FOR REASON PUBLIC POLICY INSTITUTE ON WHAT IS
19 HAPPENING TO THESE METROPOLITAN PLACES, THE NEW LEXICON OF
20 URBAN DEVELOPMENT. AND THERE IS A DRAFT OF THAT THAT IS BACK
21 ON ONE OF THE TABLES. WE ARE GOING TO HAVE SOME MORE COPIES
22 COMING AS WELL. FEEL FREE TO PICK IT IS UP, BUT IT IS A
23 DRAFT.

24 AND ALSO I SHOULD MENTION THAT THE WAY THESE
25 PANELS ARE STRUCTURED, THEY REALLY DO BUILD ON EACH OTHER. SO
26 I THINK -- AND WHAT WE ARE TRYING TO DO HERE IN THIS FIRST
27 PANEL IS REALLY LAY SOME GROUNDWORK, BOTH EMPIRICALLY AS WELL
28 AS CONCEPTUALLY.

1 THE NEXT PANEL IS REALLY GOING TO BE INVOLVED
2 IN SOME NUTS AND BOLTS ISSUES.

3 REALLY, I THINK THE LUNCHEON TALK IS GOING TO
4 REALLY GET US TO THINK OUTSIDE THE BOX, A LOT OF IMPORTANT
5 ISSUES OF GOVERNANCE, AND THEN WE ARE GOING TO REALLY DEVOTE
6 THE AFTERNOON TO LOT MORE OF BUILDING NUTS AND BOLTS ISSUES
7 AND PRACTICAL IDEAS.

8 OUR NEXT SPEAKER IS RON OAKERSON. I BECAME
9 FAMILIAR WITH RON OAKERSON'S WORK OVER TEN YEARS AGO WHEN HE
10 WAS DOING SOME WORK AS A STAFF ANALYST FOR THE ADVISORY
11 COMMISSION ON INTERGOVERNMENTAL RELATIONS, WHICH REALLY IS
12 LOOKING AT DIFFERENT WAYS OF GOVERNING METROPOLITAN ECONOMIES.

13 HE IS THE AUTHOR OF THE BOOK WHICH WAS
14 DISTRIBUTED. I STRONGLY URGE YOU TO READ THIS. IT IS A THIN
15 BOOK, BUT IT IS RICH IN INSIGHT AND CONCEPTS AND IDEAS ABOUT
16 NOT ONLY GOVERNMENT, BUT ALSO GOVERNANCE AND HOW WE GOVERN IN
17 AN AGE OF REGIONAL URBAN ECONOMIES.

18 TO BE QUITE HONEST, I BACKED INTO THE
19 GOVERNANCE ISSUE REALLY BECAUSE MY FOCUS IS URBAN DEVELOPMENT,
20 IT REALLY WASN'T GOVERNANCE. THIS IS THE FIRST BOOK THAT I
21 HAVE SEEN THAT HAS REALLY PULLED THE GOVERNANCE ISSUES
22 TOGETHER IN A WAY THAT MAKES SENSE IN THE AMERICAN CONTEXT.

23 THE BIO NOTES: RON OAKERSON IS NO LONGER WITH
24 THE ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS. HE IS
25 NOW PROFESSOR OF POLITICAL SCIENCE AND CHAIR OF THE DEPARTMENT
26 OF HISTORY AND POLITICAL SCIENCE AT HOUGHTON COLLEGE IN NEW
27 YORK.

28 AND RON IS GOING TO GIVE US A FEW THINGS TO

1 THINK ABOUT, I THINK, IN TERMS OF GOVERNANCE.

2 SO, RON.

3 MR. OAKERSON: THANK YOU. IT IS A REAL PLEASURE
4 TO BE HERE WITH YOU IN A PLACE THAT IS TEAMING WITH SUCH
5 POSSIBILITIES THAT COULD PLACE LOS ANGELES AND SAN FERNANDO
6 VALLEY ON THE CUTTING EDGE OF LOCAL GOVERNMENT REFORM.

7 MY PRESENTATION IS GOING TO BE CONCEPTUAL
8 RATHER THAN EMPIRICAL. WHAT I AM GOING TO TRY TO DO IS
9 BRIEFLY SKETCH A NEW WAY OF THINKING OR A NEW PARADIGM OF
10 METROPOLITAN ORGANIZATION.

11 I COULDN'T MAKE UP MY MIND BETWEEN TWO TITLES,
12 SO I HAVE GIVEN TWO TITLES TO THE PRESENTATION. THE FIRST,
13 "HOW TO ORGANIZE AND GOVERN COMPLEX METROPOLITAN AREAS." THE
14 KEY WORD IS "COMPLEX."

15 WHAT WE NEED ARE GOVERNANCE STRUCTURES THAT ARE
16 ABLE TO ADDRESS MULTIPLE PROBLEMS SIMULTANEOUSLY WHERE THOSE
17 MULTIPLE PROBLEMS ARE AS DIVERSE AS EDUCATION AND FIRE
18 PROTECTION, WATER SUPPLY AND POLICING, EACH ONE REQUIRING VERY
19 DIFFERENT GOVERNING CAPABILITIES AND ALSO, QUITE IMPORTANTLY,
20 EACH REQUIRING COLLECTIVE ACTION AT QUITE DIFFERENT SCALES OF
21 ORGANIZATION FROM THE NEIGHBORHOOD TO THE GREATER REGION.

22 THE MORE PROVOCATIVE TITLE IS "HOW
23 FRAGMENTATION WORKS." FRAGMENTATION IS THE WORD THAT IS
24 TYPICALLY USED TO BLUDGEON METROPOLITAN ORGANIZATION IN THE
25 UNITED STATES. BUT IT HAS A NEUTRAL DEFINITION. IT IS SIMPLY
26 THE NUMBER OF LOCAL GOVERNMENTS PER CAPITA. AND THAT IS
27 SOMETHING THAT OBVIOUSLY CAN AFFECT METROPOLITAN GOVERNANCE IN
28 A VARIETY OF WAYS.

1 IF WE LOOK EMPIRICALLY AT THE RELATIONSHIP
2 BETWEEN FRAGMENTATION AND TOTAL SPENDING BY GOVERNMENTS IN A
3 METROPOLITAN AREA PER PERSON, THE TOTAL AMOUNT SPENT BY
4 GOVERNMENTS PER PERSON, THAT RELATIONSHIP IS NOT POSITIVE, IT
5 IS NEGATIVE; THAT IS, GREATER FRAGMENTATION IS ASSOCIATED WITH
6 LOWER TOTAL GOVERNMENT SPENDING PER PERSON.

7 SO THE POPULAR IDEA THAT MORE GOVERNANCE EQUALS
8 MORE GOVERNMENT IS SIMPLY NOT SO. HOWEVER, THIS IS A
9 COUNTERINTUITIVE IDEA.

10 IN ORDER TO UNDERSTAND THAT, IT IS IMPORTANT
11 FOR US TO ENGAGE IN SOME RETHINKING OF HOW WE CONCEPTUALIZE
12 METROPOLITAN AREAS AND METROPOLITAN GOVERNANCE.

13 I WANT TO BEGIN HERE BY DISTINGUISHING BETWEEN
14 PROVISION AND PRODUCTION OF SERVICES, TWO FUNDAMENTAL
15 ACTIVITIES THAT ALL LOCAL GOVERNMENTS ENGAGE IN BUT WHICH NEED
16 TO BE DISTINGUISHED.

17 PROVISION ACTIVITIES INCLUDE CHOOSING A BASKET
18 OF PUBLIC GOODS AND SERVICES PLUS PRIVATE REGULATIONS; RAISING
19 REVENUE; ARRANGING FOR THE PRODUCTION OF SERVICES, THE TWO
20 MAIN CHOICES BEING EITHER PRODUCING A HOUSE OR CONTRACTING OUT
21 WITH EITHER A GOVERNMENTAL ENTITY OR PRIVATE PRODUCER; AND
22 THEN MONITORING PRODUCTION TO SEE THAT IT ACCORDS WITH THE
23 QUALITY STANDARDS THAT ARE APPROPRIATE.

24 IT IS POSSIBLE FOR SOME LOCAL GOVERNMENTS TO
25 FUNCTION AS PURE PROVISION UNITS AND PRODUCE NEXT TO NOTHING
26 IN-HOUSE. PROVISION ACTIVITIES ARE QUITE DIFFERENT FROM
27 PRODUCTION ACTIVITIES, AND I SIMPLY LISTED THESE OUT HERE SO
28 THAT WE CAN GET A SENSE OF WHAT THE DIFFERENCE IS.

1 PRODUCTION INVOLVES OBTAINING FACTOR INPUTS,
2 APPLYING BASIC KNOWLEDGE, OBTAINING TIME AND PLACE
3 INFORMATION. THIS IS QUITE IMPORTANT FOR SERVICE DELIVERY TO
4 DISCRETE COMMUNITIES.

5 ORGANIZING AND MANAGING PERSONNEL AND
6 FACILITIES, COORDINATING WITH CITIZEN COPRODUCERS. THIS IS
7 SOMETHING OF A TERM OF ART IN THE FIELD, BUT IF YOU THINK
8 ABOUT THINGS LIKE THE NEIGHBORHOOD WATCH AND BUSINESS WATCH
9 ORGANIZATIONS WITH WHOM POLICE MUST COORDINATE, YOU GET A
10 PICTURE OF WHAT WE ARE TALKING ABOUT HERE. ALSO COORDINATING
11 WITH OTHER PRODUCERS. BUT I'LL BE HAVING MORE TO SAY ABOUT
12 THAT LATER.

13 PROVISION AND PRODUCTION ARE VERY DIFFERENT
14 ACTIVITIES, AND THEREFORE DIFFERENT CRITERIA APPLY TO EACH ONE
15 OF THEM.

16 IMAGINE A COMMUNITY OF CITIZENS CHOOSING A
17 PROVISION UNIT. WHAT KIND OF CRITERIA WOULD THEY TAKE INTO
18 ACCOUNT IF THEY COULD SIMPLY CHOOSE WHAT UNIT OF ORGANIZATION,
19 WHAT UNIT OF GOVERNMENT WOULD MAKE PROVISION FOR SERVICES IN
20 THAT COMMUNITY?

21 ONE CRITERIA IS THE ABILITY TO ACT COLLECTIVELY
22 AND IN PARTICULAR TO INCLUDE WITHIN THE COLLECTIVITY THOSE WHO
23 BENEFIT FROM THE COLLECTIVE ACTION. THIS IS GOING TO POINT
24 TOWARD A KIND OF MINIMUM SIZE ORGANIZATION.

25 ALSO, THERE IS THE ABILITY TO RESPOND TO
26 COMMUNITY PREFERENCES. THIS TENDS TO LIMIT SIZE. AND
27 ASSURANCE THAT THE COMMUNITY IS GOING TO GET WHAT IT PAYS FOR,
28 WHAT WE SOMETIMES CALL FISCAL EQUIVALENCE. AND ABILITY TO

1 HOLD OFFICIALS ACCOUNTABLE.

2 PRODUCTION CRITERIA ARE QUITE DIFFERENT. WE
3 ARE CONCERNED WITH EFFICIENCY IN A LEAST-COST WAY; AND, IN
4 PARTICULAR THE PUBLIC SECTOR, THE ABILITY TO ACHIEVE
5 APPROPRIATE ECONOMIES OF SCALE WHILE AVOIDING DISECONOMIES;
6 AN ABILITY TO RESPOND TO SERVICE CONDITIONS THAT VARY FROM
7 PLACE TO PLACE; AND ABILITY TO MOBILIZE KNOWLEDGE AND
8 INFORMATION.

9 ALL OF THESE ALSO RAISE VERY IMPORTANT SIZE
10 ISSUES. WE KNOW, FOR EXAMPLE, FROM VERY CAREFUL STUDIES ON
11 POLICE SERVICES, THAT PATROL SERVICE, THE BASIC POLICE SERVICE
12 IN MANY WAYS, IS PROBABLY BEST DONE BY SMALL AND MID-SIZED
13 DEPARTMENTS. AND IN FACT SMALL AND MID-SIZED DEPARTMENTS
14 CONSISTENTLY OUTPERFORM LARGE DEPARTMENTS. BY LARGE I MEAN
15 SOMETHING BIGGER THAN 350 OFFICERS.

16 THIS IS TRUE CONTROLLING FOR THE VARIABLE
17 SERVICE CONDITIONS THAT POLICE DEPARTMENTS MAY FACE. AT THE
18 SAME TIME, SOMETHING LIKE SANITARY WASTE MANAGEMENT MAY BE
19 QUITE DIFFERENT WHERE LARGE JURISDICTIONS MAY OUTPERFORM SMALL
20 JURISDICTIONS, BUT ONLY UP TO A POINT.

21 AND SO WHAT I WANT TO DO IS THINK ABOUT A
22 METROPOLITAN AREA AS WHAT I CALL A LOCAL PUBLIC ECONOMY THAT
23 CONSISTS OF AN ARRAY OF PROVISION UNITS LINKED IN VARIOUS
24 WAYS TO AN ARRAY OF PRODUCTION UNITS.

25 PROVISION UNITS INCLUDE HOMEOWNERS
26 ASSOCIATIONS, WHAT WE USUALLY CALL GENERAL PURPOSE GOVERNMENTS
27 BUT PROBABLY REALLY OUGHT TO BE CALLED SIMPLY MULTIPURPOSE
28 GOVERNMENTS SINCE THERE ARE REALLY VERY FEW TRULY GENERAL

1 PURPOSE LOCAL GOVERNMENTS IN THE UNITED STATES, AND ALSO
2 SPECIAL PURPOSE GOVERNMENTS OR SINGLE PURPOSE GOVERNMENTS.

3 THESE ARE LINKED TO VARIOUS PRODUCTION UNITS,
4 SOME OF WHICH ARE ORGANIZED IN-HOUSE, OTHERS BY CONTRACT OR
5 ARE JOINTLY ORGANIZED.

6 IF WE LOOK AT THE STRUCTURE OF A LOCAL PUBLIC
7 ECONOMY ON AN AREA WIDE BASIS, WE FIND THAT THE PROVISION SIDE
8 OF PUBLIC ECONOMY IS STRUCTURED QUITE DIFFERENTLY FROM THE
9 PRODUCTION SIDE.

10 STRUCTURE OF THE PROVISION SIDE IS A NESTED
11 STRUCTURE WHERE ONE HAS VERY SMALL UNITS THAT ARE NESTED
12 INSIDE SOMEWHAT LARGER UNITS NESTED IN STILL LARGER UNITS.

13 AT THE BASE WE MIGHT FIND HOMEOWNERS
14 ASSOCIATIONS. AND I INCLUDE HOMEOWNERS ASSOCIATIONS HERE
15 BECAUSE, ALTHOUGH THEY ARE PRIVATELY ORGANIZED, THEY DO HAVE
16 THE ABILITY TO USE COERCION, AS YOU MAY BE AWARE. AND IN
17 THOSE AREAS, IN THOSE NEIGHBORHOODS WHERE HOMEOWNERS
18 ASSOCIATIONS DON'T EXIST, IT MAY BE NECESSARY TO CREATE THE
19 FUNCTIONAL EQUIVALENT OF A HOMEOWNERS ASSOCIATION.

20 THESE TEND TO BE NESTED THEN INSIDE RELATIVELY
21 SMALL MUNICIPALITIES. I SAY RELATIVELY SMALL BECAUSE I THINK
22 THERE IS NO IDEAL SIZE.

23 MUNICIPALITIES MAY BE QUITE SMALL OR THEY MAY
24 BE SOMEWHAT LARGER, DEPENDING UPON THE SENSE OF IDENTITY WHICH
25 PEOPLE SHARE WITH ONE ANOTHER, THE COMMUNITY OF INTEREST THAT
26 IS SHARED BY THEIR CITIZENS.

27 WHEN A CITIZEN ASKS HIMSELF WHAT DO I REALLY
28 CARE ABOUT, WHERE DO I WANT MY VOICE TO COUNT THE MOST, THE

1 ANSWER TO THAT QUESTION IS GOING TO INDICATE WHAT THE
2 BOUNDARIES OF A MUNICIPALITY OUGHT TO BE.

3 IF WE LOOK AT THE STRUCTURE OF THE PRODUCTION
4 SIDE OF THE LOCAL PUBLIC ECONOMY, WE FIND IT IS ORGANIZED BY
5 WHAT I CALL SERVICE SECTORS: A POLICE SECTOR, AN EDUCATION
6 SECTOR, A STREET SECTOR, A PARKS AND RECREATION SECTOR, AND SO
7 ON.

8 ORGANIZATION TENDS TO BE DIFFERENTIATED WITHIN
9 EACH SECTOR BY SERVICE COMPONENTS AS WELL AS DIFFERENTIATED BY
10 THE AREAS SERVED.

11 NOW, THE BEST WAY TO LOOK AT THIS IS TO LOOK AT
12 A COUPLE OF EXAMPLES. IF I HAVE THE RIGHT SLIDE UP HERE, I
13 THINK I DO.

14 DO. WE CAN LOOK AT THE POLICE SERVICE SECTOR
15 IN ST. LOUIS CITY AND COUNTY, WHICH IS COINCIDENTALLY ABOUT A
16 MILLION AND A HALF PEOPLE, NOT UNLIKE THE SIZE OF THE SAN
17 FERNANDO VALLEY. THERE ARE IN ST. LOUIS CITY AND COUNTY 92
18 PROVISION UNITS THAT WOULD HAVE AUTHORITY TO MAKE PROVISION
19 FOR POLICE SERVICE. HOWEVER, THERE ARE 66 WHAT WE WOULD
20 NORMALLY CALL POLICE DEPARTMENTS.

21 POLICE DEPARTMENTS ARE QUITE VARIABLE IN WHAT
22 THEY MAY OR MAY NOT UNDERTAKE. ALL 66 OF THESE PRODUCE SOME
23 SORT OF PATROL SERVICE. HOWEVER, THERE ARE ONLY 30 UNITS THAT
24 DISPATCH PATROL OFFICERS.

25 AND THEN IF WE LOOK AT STILL OTHER COMPONENTS
26 OF POLICE SERVICE, THERE IS ONE MAJOR CASE INVESTIGATION UNIT
27 FOR THE ENTIRE METROPOLITAN AREA, ST. LOUIS CITY AND COUNTY,
28 THERE IS ONE FORENSICS UNIT, AND THERE IS ONE ENTRY LEVEL

1 TRAINING UNIT.

2 SO THAT ONE OF THE MOST HIGHLY FRAGMENTED
3 METROPOLITAN AREAS IN THE UNITED STATES HAS MANAGED TO FULLY
4 INTEGRATE THE PRODUCTION OF MAJOR CASE INVESTIGATION,
5 FORENSICS, AND ENTRY LEVEL TRAINING IN THE AREA OF POLICING.

6 SECOND EXAMPLE: STREET MAINTENANCE SECTOR IN
7 ALLEGHENY COUNTY, PENNSYLVANIA, WHICH INCLUDES THE CENTRAL
8 CITY OF PITTSBURGH. 130 PROVISION UNITS MAKING SOME SORT OF
9 PROVISION FOR STREET MAINTENANCE, 125 OF THOSE AGAIN MAKING
10 SOME SORT OF -- DOING SOMETHING TO PRODUCE RESIDENTIAL STREET
11 MAINTENANCE; 25, A SHARP REDUCTION, PRODUCING STREET SWEEPING;
12 AND ONLY THREE UNITS ORGANIZED TO PRODUCE ARTERIAL STREET
13 MAINTENANCE.

14 NOW, IT'S OBVIOUS IF YOU LOOK AT THE STRUCTURE
15 OF PRODUCTION IN THESE AREAS THAT THIS IS A STRUCTURE THAT IS
16 DRIVEN BY ECONOMIES OF SCALE. WHAT YOU SEE IS A KIND OF
17 INDUSTRIAL ORGANIZATION MODEL IN WHICH THERE ARE A FEW VERY
18 LARGE UNITS, SUPPLEMENTED BY A VERY LARGE NUMBER OF SMALL
19 UNITS. IT IS NOT UNLIKE THE WAY THE MOTION PICTURE INDUSTRY
20 IS ORGANIZED.

21 WHAT ABOUT COORDINATION? I DON'T HAVE TOO MUCH
22 TIME TO SAY MUCH ABOUT THIS EXCEPT THAT OFTEN WE SEEM TO
23 PREFER INTRAORGANIZATIONAL COORDINATION TO INTERORGANIZATIONAL
24 COORDINATION. BUT COORDINATION REALLY DEPENDS UPON INCENTIVES
25 TO COORDINATE, AND SOMETIMES THOSE INCENTIVES ARE STRONGER
26 BETWEEN ORGANIZATIONS AND BETWEEN JURISDICTIONS THAN THEY ARE
27 WITHIN LARGE BUREAUCRACIES.

28 IN FACT -- AND THIS CAN BE EASILY DOCUMENTED --

1 HIGHLY DIFFERENTIATED LOCAL PUBLIC ECONOMIES EXHIBIT VERY HIGH
2 LEVELS OF INTERORGANIZATIONAL COORDINATION.

3 WHAT ABOUT COORDINATION ACROSS FUNCTIONAL
4 AREAS? I HAVE BEEN EMPHASIZING COORDINATION WITHIN PRODUCTION
5 SECTORS. IT IS NECESSARY TO HAVE COORDINATION ACROSS
6 FUNCTIONAL AREAS, BUT AT MULTIPLE LEVELS, ESPECIALLY, I WOULD
7 SUGGEST TO YOU, THE NEIGHBORHOOD LEVEL.

8 WHEN SERVICE PRODUCTION IS VERTICALLY AND
9 HORIZONTALLY INTEGRATED INTO A SINGLE PRODUCTION UNIT, IT IS
10 THE NEIGHBORHOOD THAT IS IN FACT FRAGMENTED AMONG A SET OF
11 LARGE SERVICE PRODUCERS, MANY OF WHOM NEVER TALK TO ONE
12 ANOTHER WITHIN THE NEIGHBORHOOD.

13 WELL, I COME TO METROPOLITAN GOVERNANCE FINALLY
14 AND THE CRITERIA THAT OUGHT TO APPLY. FIRST WE NEED AN
15 ABILITY TO ENACT AREAWIDE ENABLING RULES TO GOVERN MATTERS
16 SUCH AS INCORPORATIONS, BOUNDARY ADJUSTMENTS, REVENUE SOURCES,
17 AND THE AUTHORITY TO PROVIDE SERVICES, WHICH IS ALWAYS, IN
18 SOME WAY, LIMITED.

19 WE NEED AN ABILITY TO ADDRESS BOTH AREAWIDE AND
20 HIGHLY LOCALIZED PROBLEMS AND EVERYTHING IN BETWEEN AS WELL,
21 AN ABILITY TO RESOLVE INTERJURISDICTIONAL CONFLICTS AND TO
22 BUILD AREAWIDE CONSENSUS ON KEY ISSUES AS WELL AS TO LIMIT --
23 NOTICE I DON'T SAY ELIMINATE BECAUSE I THINK IT'S IMPOSSIBLE,
24 BUT TO LIMIT -- FISCAL DISPARITIES AMONG JURISDICTIONS.

25 THEN I WOULD ADD I THINK WE NEED WHAT I WOULD
26 CALL STRONG REPRESENTATION AND ACCOUNTABILITY, EASY CITIZEN
27 ACCESS.

28 IN PARTICULAR, THOSE WHO DELIVER SERVICES TO A

1 NEIGHBORHOOD SHOULD BE DIRECTLY ACCOUNTABLE TO THAT
2 NEIGHBORHOOD.

3 I DREW AN EXAMPLE FROM ST. LOUIS COUNTY
4 EARLIER. THERE ARE 800, AT LAST COUNT, 873 LOCAL ELECTED
5 OFFICIALS IN ST. LOUIS COUNTY. NOW, IF YOU COMPARE THAT TO A
6 SITUATION WHERE A MILLION PEOPLE ARE REPRESENTED BY A
7 RELATIVELY HANDFUL, RELATIVE HANDFUL OF REPRESENTATIVES, IT IS
8 SIMPLY IMPOSSIBLE THAT THE QUALITY OF REPRESENTATION COULD
9 REMAIN THE SAME.

10 WHAT SORT OF METROPOLITAN GOVERNANCE STRUCTURE
11 SEEMS TO WORK?

12 IF WE BEGIN WITH A SET OF RELATIVELY SMALL
13 MUNICIPALITIES AND SCHOOL DISTRICTS AT THE BASE AND THEN WE
14 ADD TO THAT A GENERAL PURPOSE NONCOMPETITIVE UMBRELLA
15 JURISDICTION -- I SAY NONCOMPETITIVE BECAUSE IF YOU HAVE A LOT
16 OF UNINCORPORATED TERRITORY, THAT UMBRELLA JURISDICTION, SUCH
17 AS A COUNTY, FINDS ITSELF DIRECTLY COMPETING WITH MUNICIPAL
18 SERVICE PROVIDERS -- AND WHEN THE COUNTY IS DIRECTLY COMPETING
19 WITH MUNICIPAL SERVICE PROVIDERS, IT IS FREQUENTLY LESS ABLE
20 TO SERVE THE KIND OF HONEST BROKER ROLE THAT IS NEEDED.

21 YOU ADD TO THAT THEN AN ABILITY TO CREATE
22 SPECIAL PURPOSE JURISDICTIONS BOTH WITHIN MUNICIPAL BOUNDARIES
23 AND AS ORGANIZATIONAL OVERLAYS, YOU BEGIN TO GET SOME OF THE
24 FLEXIBILITY THAT IS NEEDED TO KEEP A METROPOLITAN AREA
25 CURRENT. ADD TO THAT A VARIETY OF CIVIC AND LOCAL GOVERNMENT
26 ASSOCIATIONS, AND I ADD HERE CIVIC AND LOCAL GOVERNMENT
27 ASSOCIATIONS. THERE IS A SENSE IN WHICH ONE NEEDS A
28 GOVERNMENT STRUCTURE THAT IS PARALLEL TO CIVIL SOCIETY WHERE

1 CIVIC ORGANIZATIONS BEGIN WITH HOMEOWNERS ASSOCIATIONS AND
2 NEIGHBORHOOD ASSOCIATIONS AND THEN INCLUDE AREAWIDE
3 ASSOCIATIONS SUCH AS THE ECONOMIC ALLIANCE; AND FINALLY ACCESS
4 TO THE STATE LEGISLATURE FOR NEEDED AREAWIDE LEGISLATION WHICH
5 HAS TENDED NOT TO BE A PROBLEM IN CALIFORNIA WITH A STRONG
6 HOME RULE TRADITION.

7 EXPERIENCE HAS SHOWN THAT METROPOLITAN
8 GOVERNANCE IS INDEED POSSIBLE WITHOUT METROPOLITAN
9 GOVERNMENT.

10 MUCH OF METROPOLITAN AMERICA IS WELL SERVED BY
11 HIGHLY DIFFERENTIATED LOCAL PUBLIC ECONOMIES, BUT THE
12 CHALLENGE THAT WE FACE TODAY IS TO BRING THE BENEFITS OF A
13 DIVERSE LOCAL PUBLIC ECONOMY TO LARGE CENTRAL CITIES. THIS
14 HAS BEGUN IN MANY WAYS. I WOULD MENTION ONE IN PARTICULAR,
15 BUSINESS IMPROVEMENT DISTRICTS WHICH ENTAIL REAL ABILITY TO
16 ACT COLLECTIVELY AND EXERCISE LIMITED AUTHORITY AND ASSUME
17 EFFECTIVE RESPONSIBILITY FOR SOME PIECE OF THE LOCAL
18 GEOGRAPHY.

19 IF WE WERE TO ADD TO THAT WHAT I WOULD CALL
20 DEFAULT UNITS, A DEFAULT UNIT, USING THE TERM THE WAY A
21 COMPUTER PROGRAMMER WOULD, A DEFAULT UNIT OF LOCAL GOVERNMENT
22 IS THE UNIT OF LOCAL GOVERNMENT YOU HAVE AS LONG AS CITIZENS
23 DON'T EXERCISE THEIR AUTHORITY TO CREATE SOMETHING ELSE.

24 IF YOU ADD A SET OF DEFAULT UNITS THAT WOULD
25 RESEMBLE THE CLASSIC AMERICAN TOWNSHIP AND THEN ALLOW CITIZENS
26 TO ORGANIZE WITHIN THOSE BOUNDARIES SUBJECT TO A SET OF RULES
27 AND PROCEDURES, THEN WE CAN CREATE A DYNAMIC ADAPTIVE AND
28 RESPONSIVE LOCAL PUBLIC ECONOMY THAT INCLUDES THE CENTRAL

1 CITY.

2 THANK YOU VERY MUCH.

3 MR. SCOTT: IF YOU HAVE ANY OTHER QUESTIONS, YOU
4 CAN BRING THEM UP HERE. BUT WE HAVE A FEW HERE.

5 QUESTION FOR MR. OAKERSON: WHAT COULD LOS
6 ANGELES DO TO GET THERE TO AVOID THE POSSIBLE REORGANIZATION
7 BREAKUP?

8 MR. OAKERSON: I THINK WE ARE IN THE FORTUNATE
9 CIRCUMSTANCE WHERE THERE ARE A NUMBER OF WAYS, EXCUSE THE
10 EXPRESSION, TO SKIN A CAT.

11 THERE IS NO ONE RIGHT WAY TO ORGANIZE
12 METROPOLITAN AREAS. METROPOLITAN AREAS HAVE TO BE RESPONSIVE
13 TO VARIOUS CIRCUMSTANCES, WHICH INCLUDE THEIR HISTORY, HOW
14 THEY GOT WHERE THEY ARE TODAY. AND THIS, TO SOME EXTENT, IS
15 ALWAYS GOING TO CONSTRAIN HOW A METROPOLITAN AREA WILL BE
16 ORGANIZED.

17 IT IS INDEED POSSIBLE TO DECENTRALIZE A CENTRAL
18 CITY, TO CREATE THE KIND OF INSTITUTIONAL INFRASTRUCTURE THAT
19 I WAS TALKING ABOUT WITHIN THAT CITY, AND ATTAIN THE BENEFITS
20 THAT I WAS DESCRIBING.

21 ON THE OTHER HAND, HIGHLY CENTRALIZED CITY
22 GOVERNMENTS HAVE FREQUENTLY NOT SHOWN MUCH OF AN INCLINATION
23 TO DECENTRALIZE EFFECTIVELY, AND IT MAY BE NECESSARY THEN FOR
24 CITIZENS IN VARIOUS PARTS OF THAT CITY TO FIND OTHER WAYS OF
25 PROCEEDING AND PERHAPS OTHER WAYS OF EXERCISING LEVERAGE OVER
26 THE MATTER.

27 BUT I THINK THAT THERE ARE A VARIETY OF WAYS IN
28 WHICH ONE COULD GO. ONE WOULD INVOLVE DECENTRALIZING THE CITY

1 OF LOS ANGELES AND LEAVING THE BOUNDARIES OF THE CITY OF LOS
2 ANGELES AS THEY ARE.

3 BUT IT IS ALSO OBVIOUS THAT THE SAN FERNANDO
4 VALLEY WITH 1.6 MILLION PEOPLE IS FULLY CAPABLE OF STANDING ON
5 ITS OWN AS A METROPOLIS; I WOULD NOT SAY AS A SINGLE CITY, FOR
6 1.6 MILLION PEOPLE IS PROBABLY TOO MANY PEOPLE TO ORGANIZE AS
7 A SIMPLE CITY.

8 MR. SCOTT: FOR JOEL KOTKIN: HOW WOULD YOU DEAL
9 WITH REGIONAL ISSUES LIKE TRANSPORTATION OR EDUCATION?

10 MR. KOTKIN: WELL, FIRST OF ALL, LET'S START WITH
11 EDUCATION. EDUCATION, I AM NOT NECESSARILY SURE YOU WOULD
12 HAVE TO DEAL WITH IT REGIONALLY. ACTUALLY ONE OF THE BIGGEST
13 PROBLEMS IS THAT SO MUCH OF THE POWERS ACTUALLY AT THE STATE
14 LEVEL, I THINK THE L.A.U.S.D. IS ONE OF THE BEST ARGUMENTS FOR
15 DECENTRALIZATION THAT ANYONE HAS EVER CONCOCTED.

16 ON TRANSPORTATION I WOULD BE IN FAVOR OF
17 BASICALLY AD HOC ORGANIZATIONS FOR THINGS THAT ARE NEEDED. IN
18 OTHER WORDS, OBVIOUSLY IF YOU NEED TRANSIT DISTRICTS THAT ARE
19 REGIONAL, YOU HAVE REGIONAL AGENCIES THAT DO IT. I DON'T
20 THINK THAT BREAKING UP THE CITY OF LOS ANGELES NECESSARILY
21 MEANS THAT YOU THROW OUT EVERY SINGLE REGIONAL ENTITY.

22 THE KEY THING IS, I THINK, AS PROFESSOR
23 OAKERSON IS SUGGESTING IS THAT YOU HAVE APPROPRIATE AGENCIES
24 FOR WHERE THEY ARE NEEDED, AS OPPOSED TO CREATING A SUPER
25 AGENCY.

26 I THINK THE REAL AGENDA THAT WE ARE ARGUING
27 AGAINST HERE IS THE IDEA THAT WE SHOULD CREATE A KIND OF
28 SCAG-LIKE REGIONAL PLANNING AGENCY THAT ACTUALLY HAS POWER. I

1 DON'T THINK THAT WILL POLITICALLY EVER HAPPEN, BUT I REALLY
2 THINK WE HAVE TO TRY TO DEVOLVE POWER, WHEREVER POSSIBLE, FROM
3 THE LOCAL LEVEL AND CERTAINLY NOT LOOK FOR EXCUSES FOR IT.
4 BUT, OBVIOUSLY, SOME OF THE THINGS LIKE WATER AND POWER AND
5 SOME TRANSPORTATION ISSUES HAVE TO BE HANDLED REGIONALLY,
6 AIRPORTS.

7 MR. SCOTT: A QUESTION FOR SAM STALEY: HOW DOES
8 LOCALISM WORK WITH A TREND TOWARD REGIONALIZATION OF AIRPORTS?

9 MR. STALEY: ONE OF THE ISSUES WE HAVE TO DEAL
10 WITH IN AMERICAN GOVERNMENT THAT IS WE TEND TO LOOK AT PUBLIC
11 SERVICES AND CITY GOVERNMENTS AS IF THOSE SERVICES HAVE TO BE
12 PROVIDED WITHIN THE CONTEXT OF A COMPREHENSIVE LOCAL
13 GOVERNMENT. IN OTHER WORDS, IF YOU HAVE A CITY THAT IS
14 SUPPOSED TO PROVIDE GARBAGE, THAT'S SUPPOSED TO PROVIDE
15 TRANSPORTATION, THAT'S SUPPOSED TO PROVIDE THE WHOLE RANGE OF
16 SERVICES WITHIN THAT PARTICULAR ENTITY, I THINK ONE OF THE
17 THINGS THAT WE ARE FINDING IN THE RESEARCH, AS WELL AS LOOKING
18 AT HOW THESE METROPOLITAN AREAS FUNCTION, IS THAT THAT
19 PROBABLY IS NOT THE BEST WAY TO ORGANIZE THE PROVISION OF
20 SERVICES.

21 THERE ARE SOME THINGS THAT ARE CLEARLY GOING TO
22 BE REGIONAL IN THEIR APPROACH, BUT THEN THERE ARE ALSO THINGS
23 THAT WOULD BE LOCAL. AND THE QUESTION IS HOW DO YOU
24 DIFFERENTIATE WHAT THOSE SERVICES ARE. AND THAT IS GOING TO
25 BE A DIFFERENT SOLUTION FOR DIFFERENT SERVICES.

26 NOW, IF I'M INTERPRETING, THE QUESTION DIRECTED
27 TOWARD ME IS THAT DO REGIONAL AIRPORTS AND LOCALISM, I THINK
28 THAT THE WAY I AM GOING TO INTERPRET THAT QUESTION IS THAT

1 WHAT DO YOU DO WITH A LOCAL GOVERNMENT OR LOCAL NEIGHBORHOOD
2 GROUP THAT TRIES TO EXERCISE NIMBYISM, WHICH IS "NOT MY
3 BACKYARD," TO PREVENT SOMETHING THAT MIGHT BE OF A REGIONAL
4 BENEFIT.

5 I THINK WE FOUND THIS -- AND IT'S NOT JUST
6 AIRPORTS. AIRPORTS ARE REALLY THE NEW TRANSPORTATION SYSTEM
7 THAT -- WE RAN INTO THE SAME PROBLEMS WITH HIGHWAYS,
8 RAILROADS, THAT TYPE OF THING.

9 IT MAY VERY WELL BE THAT AIRPORT TRANSPORTATION
10 IS SOMETHING THAT HAS TO BE DONE AT A REGIONAL LEVEL AND IT
11 NEEDS A DIFFERENT SET OF GOVERNANCE ISSUES TO DEAL WITH THAT.
12 AND IT IS ALSO, OF COURSE, NOT SOMETHING UNIQUE, ALTHOUGH IN
13 LOS ANGELES THERE IS A REAL QUESTION OF WHAT DO YOU DO WITH
14 LAX AND BURBANK AIRPORTS, AND THAT TYPE OF THING.

15 BUT IN THE CONTEXT OF AIRPORTS, IN MANY CASES
16 THEY ARE DEALT WITH AS REGIONAL ENTITIES. THAT PROBABLY OUGHT
17 TO CONTINUE.

18 I WANT TO DEFER THIS A LITTLE BIT. I THINK
19 THERE IS GOING TO BE SOME LOCAL PERSPECTIVE ON THAT IN THE
20 LAST DISCUSSION WHERE WE REALLY BRING THESE THINGS HOME TO
21 SOUTHERN CALIFORNIA, LOS ANGELES, WHERE WE CAN TALK ABOUT THAT
22 MORE DIRECTLY, PARTICULARLY BOB POOLE HAS BEEN WORKING ON SOME
23 OF THESE ISSUES.

24 JOEL, DO YOU WANT TO --

25 MR. KOTKIN: I THOUGHT YOU MIGHT WANT TO BRING UP
26 THE LAKEWOOD EXAMPLE, IN OTHER WORDS, THAT YOU CAN HAVE A CITY
27 THAT GETS SERVICES FROM LOTS OF PEOPLE PREDOMINANTLY NOT FROM
28 ITSELF THAT ARE BEING CONTRACTED FOR MANY OF THESE THINGS.

1 AND, IN A SENSE, AN AIRPORT IS SOMETHING ELSE THAT YOU
2 CONTRACT WITH.

3 MR. STALEY: CORRECT. AND THEN THIS WHOLE NOTION --
4 AND MY BACKGROUND IS PRIMARILY AS AN ECONOMIST, AND OF COURSE
5 THE INTERESTING THING AND THE PERSPECTIVE IS WHEN I BACKED
6 INTO THE GOVERNANCE ISSUE WAS THAT SUDDENLY I WAS THINKING OF
7 SERVICES THAT WERE PROVIDED WITHIN A SPATIAL AND GEOGRAPHIC
8 CONTEXT.

9 AS AN ECONOMIST I DON'T THINK OF THAT, I DON'T
10 THINK OF IT AS A PRODUCT BEING PRODUCED ONLY WITHIN CERTAIN
11 ORDERS. TAKE GARBAGE COLLECTION. I LOOK AT IT AS A SERVICE
12 THAT IS PROVIDED, AND THERE MAY BE A SPATIAL CONTEXT, THERE
13 MAY NOT.

14 I THINK WHAT WE ARE FINDING IS THAT SO OFTEN
15 WITH PUBLIC SERVICES, WE DO TEND TO THINK OF THEM IN THESE
16 NARROWLY SPATIAL CONTEXTS, IN OTHER WORDS, THE BOUNDARIES OF
17 BURBANK. AND WHAT I THINK SAM OLIVITO LATER ON IN THE
18 DISCUSSION WITH RON, AS EXECUTIVE DIRECTOR OF THE CALIFORNIA
19 CONTRACT CITIES ASSOCIATION IS IN FACT MANY CASES THERE ARE
20 SERVICES THAT ARE BROADER IN SCOPE THAN GEOGRAPHY LETS US.

21 BUT WE CAN PROVIDE THOSE SORT OF SEPARATING
22 PROVISION OF PRODUCTION AS RON TALKED ABOUT AND GET THE
23 REGIONAL EFFICIENCIES WITHOUT ACTUALLY HAVING TO DO IT
24 IN-HOUSE.

25 SO AGAIN, SPEAKING TO THESE ISSUES AS
26 DIVERSITY, THAT IS EXACTLY, LAKEWOOD IS ONE OF THOSE,
27 PROBABLY THE MOST TERRIBLE EXAMPLE.

28 MR. SCOTT: FOR RON OAKERSON: ON THE TOPIC OF

1 COERCION, WHAT IS YOUR OPINION OF THE NEIGHBORHOOD COUNCILS
2 SYSTEM RELATIVE TO THEIR ABILITY TO INFLUENCE LOCAL GOVERNMENT
3 AND PROVIDE SERVICES?

4 MR. OAKERSON: I THINK THE IMPORTANT THING AT THE
5 NEIGHBORHOOD LEVEL IS TO PROVIDE SOME REAL ABILITY TO ACT
6 COLLECTIVELY. AND IF COLLECTIVE ACTION IS ENTIRELY ON A
7 VOLUNTARY BASIS, THEN IT IS PROBABLY NOT GOING TO BE
8 SUCCESSFUL IN THE LONG TERM.

9 ADVISORY COUNCILS ARE PROBABLY USEFUL. BUT AT
10 THE SAME TIME, IF YOU WANT PEOPLE WITHIN A NEIGHBORHOOD TO
11 TAKE RESPONSIBILITY FOR THEIR NEIGHBORHOOD, THEN THEY MUST
12 HAVE SOME REAL AUTHORITY. AND I WOULD INCLUDE BOTH TAXING
13 AUTHORITY AND SOME SORT OF LIMITED REGULATORY AUTHORITY WITHIN
14 THE SCOPE THAT IS REQUIRED.

15 MR. SCOTT: FOR JOEL: WHAT IF THE PEOPLE VOTE NOT
16 TO SECEDE, HOW WILL OUR PROBLEMS BE RESOLVED WITHOUT
17 NEIGHBORHOOD COUNCILS? SHOULD WE BE FORMING THESE COUNCILS
18 NOW, JUST IN CASE?

19 MR. KOTKIN: THEY HAVE THE NEIGHBORHOOD COUNCILS;
20 IT'S JUST THEY DON'T HAVE ANY POWER. SO YOU WOULD HAVE TO GO
21 BACK AND SOMEHOW CHANGE THE LEGISLATION ON THE NEIGHBORHOOD
22 COUNCILS.

23 I PERSONALLY BELIEVE THAT IF SECESSION COMES TO
24 A VOTE, PARTICULARLY GIVEN THE MOVEMENTS IN HOLLYWOOD AND IN
25 SAN PEDRO, THAT IT WOULD PROBABLY PASS, SO THAT I DON'T REALLY
26 SEE THAT IF IT ACTUALLY GETS TO A VOTE THAT IT WILL BE STOPPED
27 ON THAT LEVEL.

28 IT MAY GET STOPPED IN THE COURTS AND ON SOME

1 TECHNICALITIES. BUT THE NEIGHBORHOOD COUNCILS WERE A GREAT
2 OPPORTUNITY BUT FAILED. THAT'S WHY I THINK THIS IDEA OF
3 BOROUGHES MIGHT MAKE SENSE BECAUSE IT BRINGS IN ANOTHER
4 DIFFERENT FORMULATION. NEIGHBORHOOD COUNCILS I THINK ARE
5 BASICALLY DEAD ON ARRIVAL.

6 MR. SCOTT: THIS IS A GENERAL QUESTION, SO I'LL
7 THROW IT TO SAM: HOW DO YOU HANDLE OR DEVELOP POLICY
8 REGARDING INFILL OF LARGER RESIDENTIAL PROJECTS IN OLDER,
9 SMALLER NEIGHBORHOODS? AND SAME QUESTION AS TO INDUSTRIAL?

10 MR. STALEY: MY SOLUTION TO THAT HAS ALWAYS BEEN
11 THAT WHEN YOU ARE TALKING ABOUT INFILL, REALLY, WHETHER IT'S
12 RESIDENTIAL, INDUSTRIAL, OR COMMERCIAL -- WELL, AND ACTUALLY
13 IT SPEAKS TO SOMETHING WE HAVEN'T EVEN TALKED ABOUT. WE ARE
14 TALKING ABOUT GOVERNANCE HERE. BUT WE HAVEN'T REALLY EVEN
15 DISCUSSED HOW WE MIGHT CHANGE THE MECHANISMS OR THE THINGS WE
16 DO IN LOCAL GOVERNMENT TO IMPROVE THE WAY WE DEAL WITH CERTAIN
17 ISSUES LIKE INFILL. EVEN IF YOU WOULD MOVE SOMETHING TO A
18 LOCAL LEVEL, FOR EXAMPLE, YOU MAY NOT HAVE THE TOOLS IN PLACE
19 TO BE ABLE TO EFFECTIVELY DEAL WITH THIS.

20 CERTAINLY ONE OF THE THINGS THAT JOEL'S WORK IS
21 DOING -- AND JOEL CAN CORRECT ME ON THIS -- IS THAT HE IS
22 TRYING, AND WHAT WE ARE TRYING TO DO IN REASON IS RECOGNIZE
23 THE DYNAMIC NATURE OF CITIES; IN OTHER WORDS, THESE CITIES
24 CHANGE AND EVOLVE OVER TIME.

25 AND ONE OF THE THINGS THAT I FOCUS A LOT ON THE
26 ISSUES OF LAND USE AND MANAGEMENT IS THAT VERY OFTEN OUR PLANS
27 HAVE THESE VISIONS OF TRYING TO ACCOMMODATE DYNAMISM, BUT THE
28 ACTUAL PROCESS THAT WE USE TO IMPLEMENT THE PLANS BASICALLY

1 KEEPS THINGS IN PLACE AND REALLY PREVENTS THE KIND OF
2 EVOLUTION.

3 SO I THINK ONE OF THE THINGS WE HAVE TO DO IS
4 GO BACK AND RETHINK THE WAY WE DO PLANNING, DEVELOPMENT,
5 APPROVALS, DEVELOPMENT CONTROL, WHICH I THINK ULTIMATELY THE
6 SOLUTION THERE IS GOING TO BE GOING MORE LOCAL THAN IT IS
7 REGIONAL IN MANY CASES, INTERESTINGLY ENOUGH. I FOUND THAT
8 ONCE YOU MOVE THINGS TO A REGIONAL LEVEL, VERY OFTEN OTHER
9 KINDS OF INTERESTS BEGIN TO DOMINATE THE PROCESS, AND NOT
10 QUESTIONS ABOUT NECESSARILY WHAT IS THE MOST IMPORTANT OR THE
11 MOST RELEVANT FOR A LOCAL AREA. BUT THAT ALSO MEANS THINKING
12 VERY HARD ABOUT WHAT ARE THE THINGS THAT WE WANT A LOCAL
13 GOVERNMENT OR NEIGHBORHOOD COUNCILS TO DO AND HOW EXTENSIVELY
14 INVOLVED SHOULD THEY BE IN SOME OF THESE DECISIONS, WHICH WE
15 HAVEN'T REALLY TALKED ABOUT.

16 BUT I AM CURIOUS AS TO BOTH RON AND JOEL'S
17 COMMENT ON WHAT ABOUT THE DEGREE OF INVOLVEMENT IN SMALL
18 GOVERNANCE. HOW DOES THAT ISSUE FACTOR INTO YOUR -- RON'S
19 ISSUE OF GOVERNANCE, BUT ALSO JOEL'S ISSUE OF THE EVOLUTION OF
20 THESE COMMUNITIES AND HOW DIVERSIFIED OVER TIME.

21 MR. OAKERSON: ARE YOU TALKING ABOUT DEGREE OF
22 INVOLVEMENT ON THE PART OF CITIZENS?

23 MR. STALEY: CORRECT.

24 MR. OAKERSON: WELL, I THINK ONE OF THE OBVIOUS
25 ADVANTAGES OF TRUE LOCAL GOVERNMENT IS THAT IT FACILITATES THE
26 INVOLVEMENT OF LOCAL CITIZENS.

27 IN VERY SMALL MUNICIPALITIES OFFICIALS TEND TO
28 BE PART-TIME OFFICIALS; THEY HAVE GOT FULL-TIME JOBS DOING

1 SOMETHING ELSE. THEY WILL HOLD COUNCIL MEETINGS ON WEEKENDS
2 AND IN THE EVENINGS WHEN CITIZENS CAN EASILY ATTEND. THEY
3 ENCOUNTER EACH OTHER IN THE BARBER SHOP AND IN THE CORNER
4 SUPERMARKET. THERE IS A SENSE IN WHICH THE GOVERNANCE OF A
5 COMMUNITY IS INTEGRATED INTO THE LIFE OF THAT COMMUNITY, AND
6 YOU ARE REALLY BEING GOVERNED BY YOUR FRIENDS AND NEIGHBORS,
7 AND THIS IS WHAT I THINK CLASSIC AMERICAN LOCAL GOVERNMENT IS
8 ALL ABOUT.

9 MR. KOTKIN: A COUPLE THINGS. I DON'T KNOW HOW
10 FAMILIAR YOU ARE WITH THE SITUATION IN CALIFORNIA, BUT WITH
11 THE TERMS LIMITS, WE ARE ACTUALLY GOVERNED BY A GROUP OF
12 VAGABONDS WHO KEEP CHANGING WHERE THEY LIVE SO THEY CAN RUN
13 FOR ANOTHER OFFICE. THEY GO UP THE FOOD CHAIN AND DOWN. SOON
14 TOM HAYDEN WILL BE RUNNING FOR DOG CATCHER IN GLENDALE OR
15 SOMETHING.

16 SO THAT IS THE ABSURD CASE THAT WE HAVE HERE IN
17 SOUTHERN CALIFORNIA WHERE WE HAVE A PROFESSIONAL POLITICAL
18 CLASS THAT BASICALLY IS ON THE MOVE ALL THE TIME LOOKING FOR A
19 SEAT.

20 ON THE ISSUE OF BROWNFIELD, I THINK TWO
21 POINTS, RON MADE A VERY IMPORTANT POINT. IF A LOCAL COMMUNITY
22 GETS THE TAX BENEFITS DEVELOPMENT WHERE THEY SEE IT HELPING
23 THEIR LOCAL ECONOMY, THEY MAY BE LESS NIMBY.

24 THE MORE THE GOVERNMENT IS FURTHER AWAY, THEN
25 THE ENVIRONMENTALISTS OR THE OTHER KINDS OF SPECIALIZED
26 LOBBIES HAVE MORE INFLUENCE OVER IT.

27 AND ONE BIG ISSUE ON BOTH BROWNFIELDS AND -- I
28 THINK A MAJOR ISSUE ON BOTH BROWNFIELDS AND INFILLS IN GENERAL

1 IS I THINK A GROWING POLITICAL CONFLICT ISSUE WHICH THE MEDIA
2 HAS STAYED AWAY FROM BECAUSE THE MEDIA EITHER DOESN'T SEE IT
3 OR DOESN'T WANT TO DEAL WITH IT, BUT IT'S GOING TO BE A BIG
4 ISSUE HERE IN THE SAN FERNANDO VALLEY AND ELSEWHERE, WHICH IS
5 THERE ARE COMMUNITIES, BASICALLY WORKING CLASS HEAVILY LATINO
6 COMMUNITIES THAT WANT TO SEE ECONOMIC DEVELOPMENT BECAUSE THEY
7 ARE GOING TO GET JOBS, THEY ARE GOING TO HAVE SOME OF THE
8 BENEFITS. BUT YOU HAVE A POLITICAL SYSTEM CONTROLLED BY A
9 PROFESSIONAL POLITICAL CLASS AND, TO SOME EXTENT, BY NIMBY
10 INTEREST AND BY ENVIRONMENTALISTS WHO FUNDAMENTALLY DON'T WANT
11 TO SEE ANY GROWTH AT ALL.

12 I THINK ONE OF THE THINGS YOU DO IS BY HAVING
13 REAL LOCAL GOVERNANCE IN LOCAL POWER, THEN AT LEAST WHEN YOU
14 ARGUE ABOUT AN ECONOMIC DEVELOPMENT, THERE IS AN UPSIDE TO
15 THAT ECONOMIC DEVELOPMENT.

16 THE BIG PROBLEM WE HAVE NOW IS FRANKLY WHAT
17 GOOD IS IT TO ME IF THERE IS A BIG ECONOMIC DEVELOPMENT IN MY
18 PART OF LOS ANGELES SINCE THE BENEFITS OF IT ARE GOING TO BE
19 SPREAD ALL OVER.

20 SO IF I AM GOING TO GET SOME PAIN, LIKE IN
21 TERMS OF MORE TRAFFIC OR MORE NOISE OR WHATEVER, I AM NOT
22 GETTING ANY GAIN, WHEREAS IN BURBANK, I THINK THE PEOPLE IN
23 BURBANK HAVE BEEN RELATIVELY MORE WILLING TO ACCEPT ECONOMIC
24 DEVELOPMENT IN THEIR COMMUNITY BECAUSE THEY SEE THE BENEFITS
25 FOR TAXES, FOR SCHOOLS, FOR INFRASTRUCTURE.

26 IN THE CITY OF L.A. WHERE IT IS ALL SPREAD OUT,
27 PEOPLE SAY, "WHY SHOULD I ACCEPT DEVELOPMENT IN WOODLAND HILLS
28 WHEN I AM NOT GOING TO SEE ANY OF THE BENEFIT TO IT?"

1 MR. STALEY: WHAT I WOULD LIKE TO DO IS AT THIS
2 POINT -- BOB, IF YOU COULD HOLD ON TO THE INITIAL QUESTIONS WE
3 HAVE BECAUSE THESE ARE ALL VERY RELEVANT TO THE VERY NEXT
4 PANEL WE ARE GOING TO BE DOING, AND WE CAN REVISIT THESE
5 BECAUSE ON THE NEXT PANEL -- IT IS TEN O'CLOCK.

6 MR. FLEMING: ONE THING, WE INVITED SEVERAL OF THE
7 MAJOR CANDIDATES FOR MAYOR, AND WE ARE VERY PLEASED THAT STEVE
8 SOBOROFF IS HERE TODAY TO JOIN US.

9 MR. SHEA: CANDIDATE JOE SHEA IS HERE TOO.

10 MR. FLEMING: OKAY. WE ARE GOING TO TALK TO YOU IN
11 A MINUTE.

12 I WANT TO HAVE STEVE SAY A FEW WORDS ABOUT THIS
13 KIND OF GATHERING, THIS KIND OF COMING TOGETHER OF THE MINDS
14 FROM ALL OVER THE WORLD TO TALK ABOUT CITY GOVERNMENT.

15 MR. SOBOROFF: FIRST OF ALL, THE ECONOMIC ALLIANCE
16 FROM THE GET-GO HAS BEEN AN INCREDIBLE ORGANIZATION.

17 AND WHAT IS THIS IS ABOUT, THIS HAPPENED TO ME
18 AT THE AIRPORT. I TALKED ABOUT IT BEFORE. I WENT UP TO A
19 DOLLAR BILL CHANGER, BUT MY DOLLAR BILL IN, TWO QUARTERS CAME
20 OUT THE BOTTOM. YOU KNOW WHAT I DID TO THE MACHINE? I KICKED
21 IT. THAT IS WHAT WE ARE ABOUT.

22 PEOPLE IN SAN FERNANDO VALLEY AND THE TAXPAYERS
23 IN SAN PEDRO, THE TAX PAYERS IN HOLLYWOOD ARE TAKING THAT
24 DOLLAR, WHICH IS THEIR HARD-EARNED TAX DOLLAR, AND PUTTING IT
25 INTO THIS MACHINE WHICH IS CITY HALL WHICH ARE KICKING PRETTY
26 GOOD BECAUSE OUT THE BOTTOM IS ONLY COMING TWO QUARTERS WORTH
27 OF SERVICES IN THEIR MINDS.

28 WHAT I SEE AND WHY THIS IS SO IMPORTANT IS WHAT

1 PEOPLE IN LOS ANGELES ALL OVER LOS ANGELES WANT IS VERY
2 SIMPLE. THEY WANT TO WALK OUT THEIR DOORS WHERE THEY LIVE AND
3 SEE THE STREET LIGHTS WORK AND SEE THE TREES TRIMMED AND NOT
4 TRIP ON THE SIDEWALK AND NOT HAVE THEIR CARS BOTTOM OUT AND
5 NOT SEE CONSTRUCTION GOING ON DURING RUSH HOUR AND MAJOR
6 ARTERIES AND SEND THEIR KIDS TO A NEIGHBORHOOD PUBLIC SCHOOL
7 AND GO TO A GOOD PARK AND GOOD LIBRARY AND, ABOVE ALL ELSE,
8 PUSH 911 AND HAVE SOMEONE SHOW UP.

9 THAT IS WHAT IT'S ABOUT. THAT IS WHAT IT'S
10 ABOUT TO ME AS A MAYORAL CANDIDATE. AND AS I LISTEN TO YOU
11 AND AS I LISTEN TO JOEL TALK ABOUT BURBANK AND WHAT BURBANK
12 HAS THAT WE HAVEN'T HAD HERE IS A GUY BY THE NAME OF BUD OVRUM
13 WHO RUNS BURBANK'S ECONOMIC DECISIONS BY HIMSELF. THERE IS A
14 VERY STRONG MANAGEMENT FORM IN THE CITY OF BURBANK. IT'S A
15 CITY MANAGER FORM OF GOVERNMENT. AND BUD MAKES THESE
16 INCREDIBLE ECONOMIC DECISIONS.

17 HERE WE NEED MORE COMMUNITY INPUT THAN WHAT
18 BURBANK HAS. SO I AM DELIGHTED AND I AM PROUD. BEFORE I
19 DECIDED TO RUN FOR MAYOR, I WAS ONE OF THE FOUNDING MEMBERS.
20 TWENTY-FIVE HUNDRED HARD-EARNED SOBOROFF LEASING ASSOCIATES
21 FROM THE ENCINO OFFICE, DOLLARS WENT INTO THE ECONOMIC
22 ALLIANCE, AND I THINK IT WAS A GREAT INVESTMENT.

23 AND THE ONLY OTHER GREAT INVESTMENT THAT I
24 WOULD RECOMMEND RIGHT NOW IS VOTE FOR SOBOROFF FOR MAYOR.
25 SORRY, JOE, BUT I HAD TO PUT THAT IN.

26 MR. FLEMING: JOE, WE ARE GOING TO GET TO YOU IN A
27 MINUTE.

28 THANK YOU, STEVE. WE APPRECIATE YOUR COMING.

1 AND I AM GLAD, JOEL, THAT YOU POINTED OUT ONE OF THE THINGS
2 ABOUT BURBANK. THE PROBLEM YOU HAVE WHEN YOU LOCALIZE POWER
3 IS NIMBYISM. AND THE ANTIDOTE TO NIMBYISM, AS JOEL KOTKIN
4 POINTED OUT, IS THE FACT THAT WHEN THERE IS ECONOMIC
5 DEVELOPMENT, THE TAX INCREMENTS FROM THAT ECONOMIC DEVELOPMENT
6 STAY IN THAT AREA TO BE SPENT BY THE PEOPLE IN THAT AREA FOR
7 ANY PUBLIC PURPOSE THEY DEEM IMPORTANT.

8 WE ARE GOING TO TALK ABOUT THAT MORE LATER ON
9 AS THIS CONFERENCE PROGRESSES.

10 RIGHT NOW WE ARE GOING TO TAKE A BREAK FOR
11 ABOUT TEN MINUTES, AND THEN WE WILL BE BACK. THANK YOU.

12

13 (BREAK.)

14

15 MR. SCOTT: FOR OUR NEXT SPEAKER, WE HAVE A PERSON
16 WHO IS GOING TO BE FACILITATING THAT, A PERSON WHO WE ARE VERY
17 HONORED TO WORK WITH, WHO HAS BEEN INSTRUMENTAL IN PUTTING
18 THIS TOGETHER. I GUESS BETWEEN HE AND DAVID, SOMEWHERE IN
19 THERE WAS THE BRAIN CHILD OF THIS EVENT.

20 ROBERT POOLE IS THE FOUNDER OF THE REASON
21 FOUNDATION, A NATIONAL PUBLIC POLICY THINK TANK BASED IN LOS
22 ANGELES, WHICH HE LAUNCHED IN 1978. HE IS A NATIONALLY KNOWN
23 EXPERT ON PRIVATIZATION AND TRANSPORTATION POLICY AND HE HAS
24 RECENTLY LEFT THE JOB AS PRESIDENT OF REASON FOUNDATION TO DO
25 SOME SECRET TRANSPORTATION WORK IN THE EAST.

26 SO I GIVE YOU BOB POOLE.

27 MR. POOLE: THANK YOU VERY MUCH.

28 THE SUBJECT CAME UP IN THE LAST SESSION OF

1 ECONOMIES OF SCALE, OF IS IT TRUE, AS A LOT OF THE BACKGROUND
2 ASSUMPTION SEEMS TO HAVE IT, CERTAINLY WHAT YOU READ IN THE
3 POPULAR PRESS, THAT THE ASSUMPTION SEEMS TO BE THAT IN ORDER
4 TO HAVE THE LOW COSTS, UNIT COSTS OF GOVERNMENT SERVICES, YOU
5 NEED TO DO THINGS ON A BIGGER AND BIGGER SCALE AND THAT
6 EVERYTHING SHOULD BE DONE BY MASSIVE CITIES OR REGIONAL
7 GOVERNMENT.

8 TWENTY YEARS AGO WHEN I WROTE MY BOOK "CUTTING
9 BACK CITY HALL," WHICH IS THE FIRST BOOK TO EVER LOOK AT
10 MUNICIPAL OUTSOURCING OF SERVICE DELIVERY, THERE WAS ALREADY
11 SOME DISCUSSION IN THE ACADEMIC LITERATURE QUESTIONING THAT
12 IDEA THAT BIGGER IS NECESSARILY BETTER OR MORE EFFICIENT.
13 BUT IN THE LAST 20 YEARS THAT EVIDENCE HAS PROLIFERATED, AND
14 IT TURNS OUT TO BE A MUCH MORE COMPLEX SUBJECT THAN MANY
15 PEOPLE IMAGINE.

16 WE HAVE THREE SPEAKERS TODAY, ALL OF WHOM HAVE
17 SOME VERY SOLID KNOWLEDGE AND EXPERIENCE IN LOOKING AT THOSE
18 KINDS OF QUESTIONS IN WHAT SIZE GOVERNMENT SHOULD BE FOR
19 DELIVERING DIFFERENT MUNICIPAL SERVICES.

20 OUR FIRST SPEAKER IS ANDREW SANCTON, COMES TO
21 US FROM THE DEPARTMENT OF POLITICAL SCIENCE OF THE UNIVERSITY
22 OF WESTERN ONTARIO.

23 I AM NOT GOING TO GIVE YOU HIS WHOLE BIO. I
24 JUST WANTED TO POINT OUT THAT HIS MOST RECENT AREA OF STUDY
25 HAS BEEN THE METROPOLITANIZATION OF CERTAIN MAJOR GOVERNMENTS
26 SUCH AS TORONTO IN CANADA, AND HE HAS WRITTEN A BOOK CALLED
27 "MERGER MANIA: THE ASSAULT ON LOCAL GOVERNMENT."

28 WITH THAT I TURN IT OVER TO ANDREW SANCTON.

1 MR. SANCTON: AND THANK YOU VERY MUCH, ROBERT.
2 IT'S A REAL PLEASURE TO BE HERE TODAY.

3 AS YOU MAY KNOW, CANADIANS ARE OFTEN VERY
4 ANXIOUS TO GET THE ATTENTION OF AMERICANS, TO KIND OF GET
5 NOTICED BY AMERICANS.

6 AFTER FURIOUS LOBBYING, OUR PRIME MINISTER
7 MANAGED TO MAKE IT TO THE WHITE HOUSE TODAY AS THE FIRST
8 FOREIGN VISITOR TO MEET PRESIDENT BUSH.

9 THE GREAT FEAR IN CANADA WAS THAT PRESIDENT
10 BUSH WAS GOING TO GO TO MEXICO BEFORE HE TALKED TO THE
11 CANADIAN LEADER, AND THIS WOULD HAVE BEEN A DISASTER IN
12 CANADIAN DIPLOMACY BECAUSE WE ARE SUPPOSED TO GET THIS
13 ATTENTION FIRST.

14 SO IF THE PRIME MINISTER IS LUCKY TONIGHT AFTER
15 ALL THIS LOBBYING, HE WILL GET HIS TEN-SECOND CLIP ON THE
16 AMERICAN NEWSCAST AND WE WILL BE RIGHT UP THERE ON THE TOP OF
17 THE AGENDA.

18 YOU PEOPLE HERE TODAY HAVE ASKED TWO CANADIANS
19 TO BE ON THIS PANEL, AND I DON'T THINK EITHER OF US LOBBIED TO
20 BE INVITED AT ALL, SO IT IS A REAL PLEASURE TO BE HERE.

21 I KNOW CANADIAN CONCERNS IN THEMSELVES AREN'T
22 CRUCIAL TO THE DEBATE THAT IS HERE. BUT WHEN YOU PUT SOME OF
23 THE THINGS THAT ARE GOING ON HERE IN PERSPECTIVE AND LOOK AT
24 THEM IN THE OVERALL PICTURE, I THINK SOME OF THE THINGS THAT
25 HAVE HAPPENED IN CANADA ARE VERY RELEVANT.

26 IN OTHER WORDS, IT IS PROBABLY A GOOD IDEA TO
27 KNOW WHAT HAPPENS WHEN THE EXACT OPPOSITE OF WHAT RON OAKERSON
28 WAS TALKING ABOUT IN THE PREVIOUS PANEL, IT IS A GOOD IDEA TO

1 KNOW WHAT HAPPENS WHEN THE OPPOSITE OF THAT SORT OF
2 ARRANGEMENT GETS IMPLEMENTED. AND WE HAVE LOTS OF EXPERIENCE
3 WITH THAT IN CANADA.

4 PERHAPS THE FIRST THING THAT I NEED TO SAY TO
5 PUT THIS IN PERSPECTIVE IS THAT OUR PROVINCIAL LEGISLATURES,
6 THE EQUIVALENT OF STATE LEGISLATURES, OF COURSE, REALLY DO
7 EXERCISE THEIR AUTHORITY OVER MUNICIPAL GOVERNANCE. THEY HAVE
8 A LEGAL AUTHORITY TO CHANGE MUNICIPAL BOUNDARIES, ABOLISH
9 MUNICIPAL BOUNDARIES, AND THEY DO THAT. THEY DO THAT WITH A
10 VENGEANCE, PARTICULARLY RECENTLY IN SOME PROVINCES, ESPECIALLY
11 ONTARIO.

12 SO I VERY MUCH UNDERSTAND THAT THAT'S DIFFERENT
13 IN CANADA THAN IN THE UNITED STATES, BUT OF COURSE IT GIVES US
14 A KIND OF A LABORATORY IN A WAY TO SEE WHAT HAPPENS WHEN
15 CERTAIN DRAMATIC CHANGES ARE MADE.

16 I WANT TO SUGGEST THAT THERE HAVE BEEN TWO
17 WAVES OF CONSOLIDATIONIST, AMALGAMATIONIST, FERVOR IN CANADA
18 IN RECENT YEARS. THE FIRST WAS IN THE 1960S AND '70S, AND
19 THAT WAS BROUGHT ABOUT BY THE BELIEF THAT MUNICIPAL
20 GOVERNMENTS SHOULD BE BIGGER IN ORDER TO DO MORE THINGS. IT
21 WAS PRIMARILY A MOVEMENT THAT WAS PUSHED ON THE LEFT OF THE
22 POLITICAL SPECTRUM AT A TIME WHEN THE LEFT WAS CERTAINLY MORE
23 POWERFUL AND INFLUENTIAL IN POLITICS. BUT THE PERCEIVED
24 PROBLEM WAS THAT MUNICIPAL GOVERNMENTS WEREN'T BIG ENOUGH,
25 STRONG ENOUGH TO DEAL WITH ALL THE BIG URBAN PROBLEMS AT THE
26 TIME, SO YOU HAD TO MAKE THEM BIGGER EITHER BY CREATING
27 MULTIPURPOSE METROPOLITAN GOVERNMENTS OF THE KIND THAT WE
28 CREATED IN TORONTO.

1 THE MOST DRAMATIC CHANGE OF ALL CAME IN THE
2 CITY OF WINNIPEG, THE CAPITOL OF MANITOBA, WHERE 13
3 MUNICIPALITIES WERE MERGED TOGETHER BY A SOCIAL DEMOCRATIC
4 GOVERNMENT COMMITTED TO EQUALITY AND EQUAL TAXES AND BETTER
5 DISTRIBUTIVE PROGRAMS. MUNICIPALITIES WERE ALL PUT TOGETHER,
6 AND A UNICITY WAS CREATED.

7 NOW, I THINK THERE ARE GOING TO BE VERY GOOD
8 DEBATES ABOUT WHETHER THAT WAS A GOOD THING OR A BAD THING. I
9 THINK THERE ARE GOING TO BE MORE MEANINGFUL DEBATES WHERE BOTH
10 SIDES HAVE STRONGER ARGUMENTS WHEN YOU LOOK AT HAVING ALL
11 THESE MERGERS FOR THE PURPOSE OF CREATING A BIGGER GOVERNMENT
12 THAT DOES MORE THINGS.

13 ONE THING IS ABSOLUTELY CLEAR, HOWEVER, FROM
14 THE EXPERIENCE OF THE '60S AND '70S IN THESE MERGERS IS THAT
15 THEY DID NOT SAVE MONEY. NOBODY ARGUED THAT THEY WERE
16 SUPPOSED TO SAVE MONEY. THE WHOLE PURPOSE IN A WAY OF THESE
17 MERGERS, SAME AS THE NEW YORK MERGER, ACTUALLY, IN 1898, WAS
18 NOT TO SAVE MONEY, BUT TO SPEND MONEY. AND THEY WERE PRETTY
19 GOOD AT SPENDING MONEY.

20 NOW THE NEXT WAVE HAS COME IN THE 1990S, AND
21 IT'S THE ONE THAT I THINK IS MORE RELEVANT IN A WAY BECAUSE IT
22 IS MORE RECENT, AND IT'S CERTAINLY THE ONE THAT'S MORE
23 TOPICAL. IT CAUGHT ME TOTALLY BY SURPRISE.

24 IN 1990 I WAS ASKED BY A QUASI-GOVERNMENT
25 ORGANIZATION TO WRITE A REPORT ABOUT WHAT HAD HAPPENED IN THE
26 CANADIAN METROPOLITAN GOVERNANCE, WHAT WAS LIKELY TO HAPPEN,
27 AND I WAS FOOLISH ENOUGH TO WRITE THAT THERE WOULD BE NO MORE
28 BIG UNICITIES OR BIG METROPOLITAN GOVERNMENTS IN CANADA

1 BECAUSE WE HAD BEGUN TO UNDERSTAND THAT THESE THINGS LED TO
2 HIGHER COSTS AND IT WAS A TIME, EVEN IN CANADA, OF GREAT
3 PRESSURE FOR GOVERNMENT RESTRAINT BECAUSE WE WERE RUNNING HUGE
4 BUDGET DEFICITS, AND EVERYTHING SEEMED TO BE GETTING OUT OF
5 CONTROL. SO IT SEEMED LOGICAL TO ME THAT NO PROVINCIAL
6 GOVERNMENT WOULD WANT TO CREATE THESE BIG INSTITUTIONS THAT
7 EVERYBODY, I THOUGHT, KNEW SPENT MORE MONEY.

8 ONE OF THE REASONS I KNEW THEY SPENT MORE MONEY
9 WAS BECAUSE I READ THE KIND OF WORK THAT RON OAKERSON HAS DONE
10 AND COLLEAGUES, THE ADVISORY COMMITTEE ON INTERGOVERNMENTAL
11 RELATIONS IN THE U.S. AND OTHER ORGANIZATIONS THAT DID A LOT
12 OF WORK TO LOOK AT THE EFFECTIVE SIZE ON MUNICIPAL
13 EXPENDITURES, AND THE EVIDENCE CERTAINLY SHOWED THAT THERE
14 WERE NO SAVINGS BY CREATING MUNICIPALITIES THAT WERE BIGGER.

15 THAT WAS A BIG MISTAKE THAT I MADE WRITING THAT
16 BECAUSE IT ALMOST DIDN'T -- INEVITABLY IT WOULD HAVE LED TO --
17 GOVERNMENTS SEEMED VERY INTERESTED IN AMALGAMATIONS.

18 THE FIRST AMALGAMATION CAME IN 1996 WHEN
19 MUNICIPALITIES IN THE HALIFAX AREA WERE MERGED TOGETHER TO
20 CREATE A HUGE MUNICIPALITY IN GEOGRAPHIC TERMS.

21 YOU MIGHT REMEMBER THE TRAGIC SWISS AIR CRASH
22 AND ALL THOSE PICTURES OF THE BEAUTIFUL SEACOAST AREA IN NOVA
23 SCOTIA THAT SEEMED QUITE REMOTE. THAT AREA OF PEGGY'S COVE IS
24 IN THE SAME MUNICIPALITY NOW AS DOWNTOWN HALIFAX. IT IS JUST
25 AN AREA THAT TAKES UP A VERY LARGE PORTION OF THE PROVINCE OF
26 NOVA SCOTIA.

27 ONE OF THE ARGUMENTS GIVEN AT THE TIME WAS THAT
28 OUTSIDE INVESTORS, MOSTLY FROM THE UNITED STATES, GOT TOO

1 CONFUSED WHEN THEY CAME TO HALIFAX TO INVEST BECAUSE THERE
2 WERE FOUR MUNICIPALITIES, IT WOULD BE MUCH BETTER FOR ECONOMIC
3 DEVELOPMENT IF THERE WAS ONE. NOW, MOST OF THESE -- A LOT OF
4 THESE INVESTORS CAME FROM BOSTON WHERE THERE ARE 282
5 MUNICIPALITIES IN THE METROPOLITAN AREA, SO I FOUND THAT
6 ARGUMENT DIFFICULT TO FOLLOW.

7 BUT ANOTHER ARGUMENT WAS THAT IT WOULD SAVE
8 MONEY, I MEAN THAT NOVA SCOTIA WAS IN BAD FINANCIAL SHAPE, IT
9 WOULD SAVE MONEY BY MERGING FOUR MUNICIPALITIES.

10 EVERYBODY, EVEN THE ADVOCATES OF THE MERGER,
11 NOW SAY THAT THAT DID NOT HAPPEN, THERE WAS NO MONEY TO BE
12 SAVED. IN FACT, EXPENDITURES WENT UP. AND THE REASON FOR
13 THAT, THE COST DRIVERS BEHIND THAT, WAS THE INCREDIBLE
14 POLITICAL PRESSURES TO HARMONIZE WAGES OF MUNICIPAL WORKERS AT
15 THE HIGHEST LEVEL AND TO PUSH SERVICES UP TO MORE OR LESS THE
16 HIGHEST LEVEL WHETHER PEOPLE IN THE AREA WANTED IT OR NOT.

17 SO IT WAS PRETTY CLEAR THAT THE HALIFAX MERGER
18 DIDN'T SAVE MONEY.

19 THE BIGGEST MERGER, HOWEVER, WAS IN TORONTO
20 THAT CAME INTO EFFECT IN '98.

21 IF WE COULD HAVE THE FIRST MAP.

22 THE MAP FOR TORONTO, LOOKING AT THAT AREA
23 THERE, THAT WAS THE ORIGINAL METRO TORONTO. THE REASON I SHOW
24 THAT IS BECAUSE IT WAS NOT THE MERGER OF ALL OF THE BUILT-UP
25 URBANIZED AREAS OF TORONTO, IT WAS THE SORT OF POOR
26 METROPOLITAN AREA THAT HAD BEEN KNOWN AS THE METROPOLITAN
27 MUNICIPALITY, METROPOLITAN TORONTO, WAS MERGED TO CREATE A
28 CITY OF TWO MILLION PEOPLE. THE POPULATION OF THAT WHOLE AREA

1 IS FOUR MILLION. SO YOU DON'T EVEN GET A COMPREHENSIVE
2 GOVERNMENT FOR THE WHOLE AREA BY MERGING INTO TWO MILLION.

3 I JUST MENTION THIS BECAUSE IT IS THE BIGGEST
4 MERGER IN CANADA AND BECAUSE REALLY THE SOLE PURPOSE OF THAT
5 WAS TO SAVE MONEY.

6 THE GOVERNMENT WAS A CONSERVATIVE GOVERNMENT
7 THAT DESPERATELY WANTED TO STOP INCREASES ON MUNICIPAL
8 EXPENDITURE. THEY PREDICTED THERE WOULD BE A SAVING OF 300
9 MILLION CANADIAN DOLLARS ANNUALLY FROM THIS MERGER, WHICH WAS
10 ABOUT 2.7 PERCENT OF THE GROSS MUNICIPAL EXPENDITURES.

11 THE OFFICIAL ANNUAL SAVINGS FROM THIS MERGER
12 ARE NOW STATED AS BEING 136 MILLION, WHICH IS LESS THAN HALF.
13 BUT THAT DOES NOT INCLUDE, DOES NOT INCLUDE, THE COSTS OF WAGE
14 HARMONIZATION OR SERVICE HARMONIZATION. AND THOSE COSTS ARE
15 JUST COMING ON-STREAM NOW.

16 IN THE FIRST THREE YEARS OF THE MERGED CITY OF
17 TORONTO, THERE WAS A GREAT POLITICAL EFFORT TO HOLD TAXES
18 EVEN, HOLD TAXES AT A LEVEL, NO TAX INCREASES. AND THERE WERE
19 LOANS AND SUBSIDIES PUT IN BY THE PROVINCIAL GOVERNMENT TO
20 STOP THAT FROM HAPPENING AND TO GET THE MAYOR, WHO SUPPORTED
21 THE AMALGAMATION, WHO WON THE FIRST ELECTION, TO GET HIM
22 RE-ELECTED. HE HAS BEEN RE-ELECTED.

23 TORONTO IS NOW IN A FINANCIAL CRISIS FACING A
24 DOUBLE DIGIT TAX INCREASE SITUATION. THE BUDGET HAS NOT BEEN
25 ADOPTED. THEY ARE SHORT 300 MILLION DOLLARS IN OPERATING
26 COSTS, WHICH HAPPENS TO BE ABOUT THE SAME AMOUNT OF MONEY THAT
27 WAS ORIGINALLY PREDICTED FROM THE SAVINGS.

28 NOW, IF I CAN HAVE THE SECOND SLIDE.

1 THIS IS THE NEW POSITION OF THE MAYOR, LASTMAN
2 SOURS ON AMALGAMATION, AND IT SAYS IT HAS BEEN A DISASTER.
3 MORE AND MORE PEOPLE ARE BEGINNING TO RECOGNIZE THAT AND TO
4 SEE MANY OF THE PROBLEMS THAT AMALGAMATION HAS BROUGHT.

5 THE PROVINCE REFUSES TO HELP, REFUSES TO
6 ACKNOWLEDGE THE MEGACITY, AS IT IS CALLED, WAS A MISTAKE. AND
7 THEY SAY THAT THE AMALGAMATION WAS KIND OF STILL A GOOD IDEA;
8 THE PROBLEM HAS BEEN THAT THE LOCAL POLITICIANS HAVE BUNGLED
9 IT IN SOME WAY, THAT THEY HAVE REFUSED TO MAKE THE TOUGH
10 DECISIONS.

11 AND THIS IS, I THINK, THE DYNAMIC THAT WE GET
12 WITH THESE AMALGAMATIONS. THE ACCOUNTANTS PREDICT COST
13 SAVINGS. THEY GO OVER ALL THE FIGURES, START ADDING UP HOW
14 MUCH TO SAVE BY GETTING RID OF A FIRE CHIEF HERE AND A CLERK
15 THERE.

16 THE LOCAL POLITICIANS TAKE OVER ONE OF THESE
17 THINGS, MANAGE TO SQUEEZE OUT SOME SAVINGS LIKE THAT, BUT THE
18 HARMONIZATION OF COSTS AND WAGES SWAMP THOSE KINDS OF
19 SAVINGS. SO YOU GET MORE COSTS.

20 THE CONCLUSION IS -- WE HAVE GONE THROUGH THIS
21 MANY TIMES IN CANADA NOW -- IS THAT THE AMALGAMATION SHOULD
22 HAVE WORKED, BUT SOMEHOW IT WAS BUNGLED IN THE OPERATION. SO
23 WE ARE STILL SEARCHING FOR THAT PERFECT IMPLEMENTATION THAT
24 WILL ACTUALLY LEAD TO SAVINGS. IT HASN'T HAPPENED YET.

25 THE NEXT, IF I COULD GO BACK TO THE PREVIOUS
26 SLIDE ON THE BOTTOM MAP.

27 THE NEXT PLACE WHERE THIS IS HAPPENING IS IN
28 MONTREAL WHERE THE PROVINCIAL GOVERNMENT IN MONTREAL HAS NOW

1 MERGED 27 MUNICIPALITIES ON THE MAIN ISLAND OF MONTREAL, AT
2 THE BOTTOM MAP THERE, THE BOTTOM ISLAND, WHICH IS MONTREAL.
3 AND THEY ARE GOING THROUGH EXACTLY THE SAME THING.

4 ON JANUARY 1ST, 2002, ALL OF THOSE 27
5 MUNICIPALITIES HAVE MERGED BY LEGISLATION INTO ONE, AND THEY
6 SAY THAT THIS TIME THEY ARE GOING TO GET IT RIGHT. THEY ARE
7 ALREADY PAYING THE TRANSITION TEAM, EACH ONE OF THEM, MORE
8 MONEY THAN THE MAYOR OF MONTREAL MAKES. THERE IS ABOUT TEN OF
9 THEM ON THE TEAM. THIS IS THE NEXT STEP. WE ARE GOING TO
10 SEE WHETHER THIS MERGER ACTUALLY WILL SAVE MONEY.

11 IT SEEMS SOMEWHAT LESS IMPORTANT TO THE
12 PROVINCIAL POLITICIANS WHO SPONSORED IT IN QUEBEC TO SAVE
13 MONEY. SO THE PRESSURES TO RAISE COSTS ARE LIKELY TO BE EVEN
14 HIGHER.

15 BUT THAT IS BASICALLY THE STORY IN CANADA. WE
16 ARE A LABORATORY IF YOU WANT TO SEE WHAT HAPPENS WHEN LARGE
17 MUNICIPAL GOVERNMENTS ARE CREATED. AND WHAT WE KNOW ABOUT
18 THAT IS THAT IT RAISES COSTS. IT RAISES SERVICES PROBABLY IN
19 SOME AREAS. BUT OF COURSE WE HAVE ABSOLUTELY NO EVIDENCE THAT
20 THE PEOPLE WHO HAD THEIR SERVICES RAISED AND THEIR TAXES
21 RAISED WANTED THE INCREASED SERVICES. NOBODY ASKED THEM
22 WHETHER THAT WAS WHAT THEY WANTED OR NOT BECAUSE THIS WAS DONE
23 WITHOUT ANY KIND OF LOCAL REFERENDUM.

24 SO IF YOU WANT TO SEE WHAT HAPPENS WITH BIG
25 MUNICIPALITIES AND COSTS, WHICH IS THE SUBJECT OF THIS PANEL,
26 THAT IS THE STORY.

27 THERE ARE ALSO SOME EXPERIENCES ABOUT
28 DECENTRALIZATION OR ATTEMPT TO DECENTRALIZATION IN THESE

1 CITIES, AND AFTER YOU MERGE, HOW DO YOU HAVE SOME KIND OF
2 OPPORTUNITIES FOR LOCAL PARTICIPATION. I MUST SAY THE
3 EVIDENCE ON THAT IS NOT VERY ENCOURAGING, BUT I KNOW THAT IS A
4 DIFFERENT SUBJECT FROM WHAT WE ARE SUPPOSED TO BE TALKING
5 ABOUT HERE.

6 THANK YOU.

7 MR. POOLE: WE NEED TO MOVE ALONG TO OUR SECOND
8 SPEAKER, PROFESSOR MILAN DLUHY FROM THE DEPARTMENT OF
9 POLITICAL SCIENCE AT UNIVERSITY OF NORTH CAROLINA, WILMINGTON.

10 UNTIL VERY RECENTLY, THOUGH, HE WAS DIRECTOR OF
11 FLORIDA INSTITUTE OF GOVERNMENT AND METROPOLITAN CENTER IN THE
12 COLLEGE OF URBAN AFFAIRS, FLORIDA INTERNATIONAL UNIVERSITY,
13 AND IN THAT CAPACITY HAS BEEN INVOLVED IN QUITE A NUMBER OF
14 FEASIBILITY STUDIES OF NEW INCORPORATIONS IN FLORIDA WHERE
15 FLORIDA IS ONE THE FASTEST GROWING STATES IN THE COUNTRY.

16 SO, MILAN, LET'S HEAR WHAT YOU HAVE TO SAY.

17 MR. DLUHY: I AM GOING TO SAY GOOD AFTERNOON
18 BECAUSE MY CLOCK IS STILL ON EASTERN TIME. GOOD MORNING, GOOD
19 AFTERNOON. IT'S A PLEASURE TO BE HERE.

20 DID ALL THE HANDOUTS GET OUT? I AM GOING TO BE
21 A NONPOWER POINT PRESENTER, AND YOU MAY HAVE TO LOOK AT ME,
22 MAYBE NOT LOOK AT ME, BUT I DO WANT YOU TO TAKE A PEAK AT
23 THOSE TABLES. YOU CAN TAKE THEM HOME, SHOW THEM TO YOUR
24 FRIENDS, WHATEVER.

25 LET ME GET STARTED AND GET RIGHT TO IT. WHAT
26 I HEARD LAST NIGHT, MEETING WITH SOME OF YOUR REPRESENTATIVES,
27 AND WHAT I HAVE HEARD TODAY SO FAR, WE ARE DEALING WITH AN
28 ISSUE HERE IN LOS ANGELES VERY SIMILAR TO WHAT WE DEALT WITH

1 IN SOUTH FLORIDA, AND THAT ESSENTIALLY IS HOW DO YOU ORGANIZE
2 A TWO-TIER FORM OF GOVERNMENT, WHAT IS LEFT TO THE REGIONAL
3 LEVEL AND WHAT IS LEFT TO THE LOCAL LEVEL AND, MORE
4 IMPORTANTLY, HOW LARGE SHOULD THOSE LEVEL GOVERNMENTS BE.

5 THAT IS A BIG QUESTION AND A BIG ISSUE. BUT
6 THAT IS WHAT YOU ARE BASICALLY TALKING ABOUT HERE, WHETHER WE
7 ARE TALKING ABOUT DISTRICT COUNCILS IN SAN FERNANDO VALLEY OR
8 WHETHER YOU ARE TALKING ABOUT FURTHER MUNICIPAL
9 INCORPORATIONS, YOU ARE TALKING ABOUT THE LOWER LEVEL. AND WE
10 JUST WENT THROUGH THAT IN FLORIDA, AND I GUESS THAT IS THE
11 REASON THAT YOU HAVE ASKED ME TO COMMENT.

12 I WILL TRY IN A FEW MINUTES NOT TO TELL YOU TOO
13 MANY STORIES BUT TO GIVE YOU A PICTURE OF WHAT HAS BEEN GOING
14 ON IN THE LAST DECADE DOWN IN SOUTHERN FLORIDA BECAUSE IT IS
15 EXACTLY WHAT IS GOING ON HERE IN THE L.A. AREA. THERE REALLY
16 IS NO DIFFERENCE.

17 I THINK THE MOTIVATIONS, I THINK THE ARGUMENTS
18 THAT ARE BEING USED, I THINK THE DATA THAT'S BEING LOOKED AT
19 ARE PRETTY MUCH THE SAME, AND I AM NOT GOING TO SAY THAT THE
20 SOUTH FLORIDA AREA IS ANY FURTHER ALONG THAN YOU ARE HERE.

21 FOR THOSE OF YOU THAT ARE UNFAMILIAR WITH THE
22 MIAMI-DADE REGION, IF WE GIVE A LIBERAL INTERPRETATION OF THE
23 METROPOLITAN AREA, IT IS JUST UNDER FOUR MILLION PEOPLE,
24 RUNNING FROM THE KEYS UP TO WEST PALM BEACH. AND OF COURSE
25 MIAMI IS THE SIGNATURE CITY, JUST LIKE L.A. IS THE SIGNATURE
26 CITY OF THIS REGION.

27 I DID PICK UP A BOOK AND BOUGHT IT, "RETHINKING
28 LOS ANGELES," DONE BY SOME PROFESSORS OVER AT U.S.C. I

1 THOUGHT IT WAS VERY INTERESTING. I WILL JUST READ YOU A
2 COUPLE OF THINGS FROM IT. IT SAID L.A. -- THIS IS TALKING
3 ABOUT L.A. -- IS AN ENDLESS EXPANSE, CONTINUOUS CITY, SPRAWL,
4 ET CETERA, AND HAS A DECENTRALIZED ECONOMY, IT HAS
5 SELF-CONTAINED COMMUNITIES, ENCLAVES ALONG RACIAL AND ETHNIC
6 LINES, IT HAS A MASSIVE, INFORMAL ECONOMY, POVERTY, WAGES,
7 IMMIGRATION, IT HAS A COLLAPSING INFRASTRUCTURE AND INADEQUATE
8 PUBLIC TRANSPORTATION.

9 I SAID, "I THINK I'M IN FLORIDA. BY GOD."
10 WELL, LET ME TELL YOU, YOU MAY NOT THINK OF
11 MIAMI AND THE MIAMI METROPOLITAN AREA, BUT THEY THINK ABOUT
12 YOU, AND YOU ARE LIKE THEIR BIG BROTHER, AND THEY ARE WATCHING
13 BECAUSE YOU ARE SOMEONE BIGGER. BUT LET ME TELL YOU, I THINK
14 SOME OF THE ISSUES AND THE PROBLEMS ARE ALMOST IDENTICAL.

15 IN 1991, AFTER 25 YEARS OF NOT FORMING CITIES
16 IN MIAMI-DADE COUNTY, WHICH IS ABOUT TWO MILLION PEOPLE -- I
17 AM GOING TO TALK MAINLY MIAMI-DADE COUNTY -- TWO MILLION
18 PEOPLE AND ABOUT 29 CITIES WHICH ARE LISTED IN YOUR HANDOUT
19 WITH VARIOUS DEMOGRAPHICS AND WEALTH, ET CETERA, WHAT HAPPENED
20 IN FLORIDA AS IT SUBURBANIZED, AS THE MIAMI AREA SUBURBANIZED
21 AND AS YOU WERE SUBURBANIZING HERE IN THE LOS ANGELES AREA IS
22 MIAMI-DADE COUNTY DID A VERY STRANGE THING AND THAT IS THE
23 UNINCORPORATED AREAS NEVER BECAME INCORPORATED. SO ABOUT A
24 MILLION OF THE PEOPLE IN THE TWO MILLION REGION LIVED IN
25 UNINCORPORATED AREAS, AND THE COUNTY GOVERNMENT PROVIDED ALL
26 THE MUNICIPAL SERVICES. ABOUT A MILLION OF THE PEOPLE, THE
27 OTHER HALF, LIVED IN CITIES, LIVED IN 29 CITIES.

28 BUT THERE REALLY WAS NOT MUCH INCORPORATION.

1 THERE WERE TWO VERY SMALL COMMUNITIES RIGHT AFTER THE SECOND
2 WORLD WAR.

3 BUT IN 1991 THERE WAS AN INCORPORATION MOVEMENT
4 THAT STARTED IN THE AREA, AND I WILL JUST TELL YOU, BECAUSE
5 YOU HAVE BEEN TALKING ABOUT WHY THINGS HAPPEN, ONE WAS BEACH
6 COMMUNITY OF ABOUT 9,000 PEOPLE. AND THEIR MAIN REASON FOR
7 WANTING TO BECOME INCORPORATED IS THEY WANTED TO SEE THEIR
8 MAYOR IN THE GROCERY STORE, BUT, MORE IMPORTANTLY, THEY WANTED
9 TO PREVENT CONDOMINIUMS FROM BEING BUILT ON THE BEACH. IT WAS
10 A LAND USE ISSUE, AND THAT WAS IT.

11 AND THEY FORMED AND THEY PETITIONED THE COUNTY
12 AND THEY HELD A VOTE AND EASILY BECAME A CITY. THEN A
13 SOMEWHAT LARGER COMMUNITY OF ABOUT 18,000 UP THE STREET A BIT,
14 A CONDOMINIUM COMMUNITY, EVERYBODY LIVED IN A CONDOMINIUM, AND
15 THEY DECIDED THAT THEY DIDN'T HAVE ENOUGH POLICE PROTECTION
16 BECAUSE THE COUNTY ONLY GAVE THEM ONE POLICE OFFICER, ONE FTE
17 ON THREE SHIFTS.

18 WELL, THEY ARE NOW A CITY AND THEY HAVE 30
19 POLICE OFFICERS, AND THEY ARE PUMPING IRON BECAUSE THEY LOVE
20 IT, RIGHT?

21 AND PINECREST -- I'M JUST TRYING TO DO THIS TO
22 GIVE YOU A SENSE OF WHY PEOPLE IN COMMUNITIES FORM CITIES --
23 PINECREST WAS A COMPLETE RESIDENTIAL COMMUNITY OF ABOUT
24 20,000, JUST UNDER 20,000 IT IS LISTED IN THERE, 98 PERCENT
25 RESIDENTIAL SINGLE FAMILY HOMES, AND THEY WERE JUST PETRIFIED
26 OF HAVING COMMERCIAL STRIP MALLS ON THEIR ONE MAJOR ARTERY
27 THAT BORDERED THE COMMUNITY. AND SO THE ONLY ISSUE THAT
28 FORCED THEM, THAT CAUSED THEM TO BECOME A CITY WAS EXACTLY

1 THAT, THEY WANTED TO CONTROL LAND USE.

2 I WON'T BORE YOU WITH THE DETAILS, BUT FOUR
3 COMMUNITIES FORMED IN THE '90S, BECAME CITIES, AND THERE ARE
4 NOW SIX MORE IN THE QUEUE TO BECOME CITIES.

5 THE COUNTY HAS SAID THEY ARE GOING TO GET OUT
6 OF THE MUNICIPAL SERVICES BUSINESS, AND THEY ARE GOING TO
7 INCORPORATE ALL THE UNINCORPORATED AREAS. THE UNINCORPORATED
8 AREAS ARE JUST LIKE THE SAN FERNANDO VALLEY. IT IS ABOUT A
9 MILLION PEOPLE, SO A LITTLE BIT SMALLER THAN YOU.

10 SO THE QUESTION IS: WHERE DO YOU DRAW THE
11 BOUNDARIES? HOW BIG SHOULD THEY BE? AND WE ALSO KNOW THERE
12 IS A PHENOMENA OF CHERRY PICKING, AND THAT IS THAT THE
13 WEALTHIER COMMUNITIES, AS YOU CAN TELL ON THAT LIST, THEY ARE
14 THE ONES THAT WANT TO GO FIRST. THE COUNTY KEEPS TELLING THEM
15 YOU HAVE GOT TO BROADEN YOUR TAX BASE AND TAKE IN SOME LOW
16 INCOME AREAS SO THAT YOU DON'T PUNISH THE PEOPLE WHEN YOU
17 LEAVE THE COUNTY. DOES THAT SOUND FAMILIAR?

18 IS THAT AN ISSUE HERE? LAST NIGHT IT'S A
19 LITTLE BIT OF AN ISSUE. IT'S A BIG ISSUE BECAUSE IF YOU DON'T
20 DRAW THESE BOUNDARIES BIG ENOUGH, YOU WILL TAKE COMMUNITIES
21 WITH PER CAPITA ASSESSED VALUATION OF OVER 200,000, AND THE
22 AVERAGE IS ABOUT 40,000 FOR THE YEAR, A LITTLE DIFFERENT FROM
23 L.A., AND YOU REALLY WILL KIND OF TAKE THEM OFF THE TOP, TAKE
24 THE CREAM OFF THE TOP. AND WHAT IS LEFT OVER IN THE COUNTY
25 WILL BE A SEVERE SHORTFALL ESTIMATED TO BE A HUNDRED MILLION
26 DOLLARS IN LOCAL COUNTY BUDGET.

27 THE ONE THING THAT HAPPENED THAT I THINK, IN
28 ALL OF THIS, WAS PROBABLY A MISTAKE, IN 1994 THERE WAS A STUDY

1 DONE OF DONOR/RECIPIENT COMMUNITIES. AND WHAT THEY DID IS
2 THEY TOOK ALL THE COMMUNITIES, THEY SAID: WHAT DO YOU PAY IN
3 TAXES AND WHAT DO YOU GET IN SERVICE? THERE WERE NO MATCHES,
4 THERE WERE NO ONE-ON-ONES. OKAY. SO YOU WERE EITHER A DONOR
5 OR YOU WERE A RECIPIENT. AND SO YOU GUESS WHO WENT FIRST.
6 ALL THE DONORS WANTED TO PULL OUT BECAUSE THEY SAID, "WE'RE
7 UNDER-SERVED," THEY WEREN'T GETTING A FULL DOLLAR FOR THEIR
8 SERVICE. IN SHORT, THEY DIDN'T BELIEVE IN REDISTRIBUTIVE
9 PROGRAMS OR TRANSFERRING FUNDS.

10 THAT IS WHAT FUELED THE MOVEMENT IN FLORIDA.
11 THAT WAS THE ISSUE. IT STILL IS THE ISSUE TODAY. THEY HAVE
12 PUT A MORATORIUM OF THREE YEARS WHERE THEY WOULDN'T ALLOW ANY
13 MORE INCORPORATIONS. THAT MORATORIUM IS NOW OFF. AS I SAID,
14 THERE ARE SIX MORE COMMUNITIES THAT ARE WAITING AT THE BACK
15 DOOR. AND SO WHERE ARE WE?

16 SINCE I DID DO A FAIR AMOUNT OF RESEARCH, I
17 WOULD LIKE YOU TO JUST TAKE A PEAK AT THE TABLES ON THE SECOND
18 AND THIRD PAGE OF MY HANDOUT. THEY ARE VERY SIMPLE TO READ, I
19 HOPE. I TRIED TO MAKE THEM READABLE.

20 WE ASKED THE QUESTION OF ECONOMIES OF SCALE.
21 IT'S AN IMPORTANT QUESTION. AND I THINK CONSISTENT WITH ALL
22 OF YOUR SPEAKERS SO FAR, WE ONLY FOUND THREE SERVICES THAT
23 SHOULD REALLY JUSTIFIABLY BE REGIONAL: FIRE AND RESCUE,
24 LIBRARY, AND COMPREHENSIVE PLANNING, THE GIS TYPE OF PLANNING
25 THAT REQUIRES BIG INFRASTRUCTURE AND IS VERY COSTLY.

26 INTERESTINGLY ENOUGH AND ALSO CONSISTENT WITH
27 RESEARCH, ALL THE OTHER SERVICES WERE FOUND TO HAVE AS MANY
28 ECONOMIES OF SCALE IN THE SMALLER COMMUNITIES. SO THE

1 ARGUMENT WAS SMALLER IS BETTER AND CAN BE BETTER.

2 WHEN LOOKING AT PERFORMANCE, WHICH IS THE THIRD
3 TABLE, WE PICKED OUT SOME OBVIOUS WAYS OF MEASURING SERVICE,
4 QUALITY, AND PERFORMANCE. AND GUESS WHAT? BASICALLY THE SAME
5 THING HAPPENED AGAIN. THE RESPONSE TIMES WHICH WE USED AS A
6 PERFORMANCE MEASURE FOR FIRE AND RESCUE, WE USED OTHER
7 MEASURES, SHOWED THE SAME THING: THAT SIZE, THAT IS THE
8 LARGER THE SIZE, WORKS FOR SOME SERVICES BUT FOR MOST OF THEM,
9 IT DOESN'T.

10 SO I MEAN IF YOU ARE JUST GOING TO GO ON THAT
11 KIND OF DATA, YOU WOULD HAVE A VERY SMALL NUMBER OF REGIONAL
12 SERVICES AT THE UPPER TIER, AND EVERYTHING ELSE WOULD BE
13 DECENTRALIZED.

14 THE LAST TABLE IS WE DID A VERY LARGE SURVEY OF
15 OVER 5,000 PEOPLE. AND IT BASICALLY SHOWS THAT PEOPLE LIVING
16 IN THE CITIES ARE MORE SATISFIED WITH THEIR SERVICES THAN
17 PEOPLE LIVING IN THE INCORPORATED AREA, WHICH IS REALLY THE
18 BIG GOVERNMENT, THE MILLION PEOPLE GOVERNMENT.

19 I DON'T THINK YOU WILL FIND DIFFERENT RESULTS
20 IN OTHER AREAS OF THE COUNTRY. I THINK YOU WILL PRETTY MUCH
21 FIND THE SAME THING. I AM NOT ARGUING FOR COMMUNITIES OF A
22 THOUSAND. THAT IS NOT WHAT I AM HERE TO DO. BUT I THINK YOU
23 NEED TWO-TIER FORM OF GOVERNMENT.

24 I WILL CONCLUDE BY SAYING THIS: THE COUNTY HAS
25 RESPONDED IN FLORIDA. WE ARE SETTING UP COMMUNITY COUNCILS
26 WHICH LOOK A LOT LIKE YOUR DISTRICTS, YOUR DISTRICT COUNCILS.

27 BUT THEY HAVE DONE ONE THING YOU HAVEN'T DONE,
28 AND THAT IS THEY HAVE GIVEN PRELIMINARY ZONING POWER TO THOSE

1 COMMUNITY COUNCILS. THEY ARE ELECTED OFFICIALS, THEY HAVE TO
2 STAND FOR ELECTION, AND THEY ARE THE FIRST ENTRY POINT IN THE
3 ZONING PROCESS.

4 THEY DON'T HAVE ANY MONEY; OTHERWISE, THEY ARE
5 ADVISORY. BUT THEY ARE LOBBYING NOW TO GET MONEY FOR POLICE
6 TO HAVE CONTROL OVER 911 POLICING. THAT IS ABOUT WHERE THEY
7 ARE.

8 THE MORE RADICALS WANT TO DO TEN TO 12
9 COMMUNITIES IN THE NEXT TEN YEARS AND CREATE TEN TO 12 NEW
10 MUNICIPALITIES. THEY DON'T WANT COMMUNITY COUNCILS. THEY
11 WANT THE FULL NINE YARDS. THEY WANT TO GO OUT LIKE IN THE SAN
12 FERNANDO VALLEY AND TRY TO FIGURE OUT SOME WAY. I SUPPOSE YOU
13 COULD HAVE ABOUT TEN COMMUNITIES IN THE VALLEY. DEPENDS ON
14 HOW YOU DRAW THE BOUNDARIES.

15 I HAVE ONE MINUTE.

16 THE SURVEYS DID SHOW -- AND I GUESS I'LL END ON
17 THIS THOUGHT -- THE SURVEYS DID SHOW THAT THE PEOPLE THAT
18 SUPPORTED INCORPORATION, THAT WANTED TO MOVE IN THAT
19 DIRECTION -- MORE EDUCATION, HIGHER INCOME -- THEY WERE
20 NON-HISPANIC WHITES IN THAT AREA, AND THEY WERE PEOPLE
21 EXTREMELY DISSATISFIED WITH SERVICES. THAT IS WHAT FUELED THE
22 MOVEMENT.

23 AND I THINK THE MIAMI AREA RIGHT NOW -- IF YOU
24 WANT TO ASK IN THE QUESTION AND THE ANSWER PERIOD -- IS
25 STRUGGLING WITH THE SAME THING YOU ARE. THEY HAVE GONE A
26 LITTLE WAY TOWARDS INCORPORATION, BUT THEY WOULD REALLY LIKE
27 TO DO A LOT MORE SORTING OUT AND HAVE A MORE RATIONAL, IF YOU
28 WILL, TWO-TIER FORM OF GOVERNMENT. THANK YOU.

1 MR. POOLE: WE ARE KEEPING THIS ON TIME SO YOU
2 HAVE LOTS OF TIME TO GET YOUR QUESTIONS POSED AND ANSWERED.

3 OUR THIRD PANEL MEMBER IS JAMES NOLAN, WHO IS
4 OUR OTHER EXPERT FROM CANADA, FROM SASKATCHEWAN. HE HAS BEEN
5 WORKING WITH RPPI FOR THE LAST TWO YEARS, ACTUALLY, ON A VERY
6 LARGE SCALE STUDY WHICH WE CALL OUR COMPETITIVE GOVERNMENT
7 STUDY LOOKING AT THE LARGEST 50 CITIES IN THE UNITED STATES,
8 LOOKING AT THEM QUANTITATIVELY AND EMPIRICALLY AND TRY AND
9 FIGURE OUT HOW MUCH VALUE DOES EACH ONE PROVIDE FOR THE MAJOR
10 PUBLIC SERVICES THAT IT DELIVERS TO THE CITIZENRY. AND THOSE
11 RESULTS ARE ALMOST FINISHED.

12 WE ARE GOING TO BE PUBLISHING A MAJOR STUDY ON
13 THAT THIS SPRING. AND HE IS GOING TO DRAW SOME ASPECTS OF
14 THAT RESEARCH TO TALK ABOUT THE QUESTION AGAIN OF ECONOMIES OF
15 SCALE, DOES SIZE MATTER.

16 JAMES NOLAN.

17 MR. NOLAN: THE FIRST QUESTION I ALWAYS GET -- BY
18 THE WAY, I SPENT FIVE YEARS IN SOUTHERN CALIFORNIA, SO I AM
19 SOMEWHAT FAMILIAR WITH THE AREA. THE FIRST QUESTION I GET,
20 EVEN FROM GOD-FEARING PEOPLE, IS, "WHERE THE HELL IS
21 SASKATCHEWAN?" WELL, IT'S NORTH OF NORTH DAKOTA AND MONTANA.
22 SO CHECK IT OUT. IT'S WAY UP THERE. IT'S COLD, IT'S
23 FARMLANDS. IT'S NOT A BAD PLACE, ACTUALLY.

24 FIRST SLIDE.

25 AS BOB MENTIONED, STARTING OUT WITH THIS, I
26 HAVE BEEN INVOLVED WITH RPPI FOR THE LAST COUPLE OF YEARS TO
27 DO AN EXTENSIVE STUDY WHICH ACTUALLY SEGUES VERY NICELY FROM
28 MILAN'S STUDY OF BASICALLY 50-PLUS CITIES IN THE U.S.

1 EVALUATING THE PERFORMANCE OF THEIR PUBLIC SERVICES.

2 I THINK WHAT IS KEY TO DRAW FROM WHAT MILAN
3 SAID WAS WE DIDN'T -- WELL, WE DID END UP AGGREGATING SOME OF
4 THE PERFORMANCE MEASURES, WHICH I'LL DISCUSS IN A FEW MOMENTS
5 HERE, BUT BASICALLY WE TOOK DATA ON CITY SERVICES SUCH AS
6 LIBRARIES, FIRE, POLICE, TRANSIT, AND WE ATTEMPTED TO FIGURE
7 OUT WHICH CITIES ARE PERFORMING BETTER AT DOING THESE PUBLIC
8 SERVICES AT OFFERING THESE PUBLIC SERVICES.

9 WHAT I HAVE DONE FOR THIS PARTICULAR
10 PRESENTATION IS EXTEND THOSE RESULTS EVER SO SLIGHTLY. IT
11 TURNS OUT THE METHODOLOGY USED TO CALCULATE PERFORMANCE
12 MEASURES CAN ACTUALLY BE EXTENDED TO TALK ABOUT DISCUSSIONS OF
13 SCALE ECONOMIES AND SAY WHETHER OR NOT THE PARTICULAR CITY IS
14 ACTUALLY OFFERING A SERVICE AT THE RIGHT LEVEL OF SCALE WHICH
15 WOULD BE LEAST COST OR AT SOME OTHER LEVEL OF SCALE WHICH
16 MIGHT, SAY, EITHER GET BIGGER OR GET SMALLER.

17 AND I THINK YOU ARE GOING TO FIND -- TO SORT OF
18 KILL MY PUNCH LINE NOW -- YOU'RE GOING TO FIND THAT MY
19 CONCLUSIONS JIBE VERY WELL WITH WHAT MILAN SAID, THAT THERE
20 APPEARS TO BE EVIDENCE -- AND AGAIN I STRESS THAT THEY ARE
21 SOMEWHAT PRELIMINARY RESULTS -- THE ACTUAL COMPETITIVE CITIES
22 PROJECT WILL BE OUT PROBABLY A COUPLE OF MONTHS. BUT THESE
23 RESULTS ON A SCALE ARE PRELIMINARY, BASICALLY SAY THAT IT
24 LOOKS LIKE SOME FORM OF TWO-TIER GOVERNMENT MIGHT BE THE WAY
25 TO THINK ABOUT THIS WHEN YOU CONSIDER THESE SCALE ECONOMIES OR
26 THE ECONOMIC SIDE OF IT ON SERVICE BY SERVICE RATHER THAN
27 AGGREGATING ACROSS THE WHOLE CITY.

28 NEXT SLIDE, PLEASE.

1 SO BASICALLY I AM GOING TO DESCRIBE THE CITIES
2 PROJECT EVER SO BRIEFLY HERE. WE WANTED TO ASSESS THE
3 RELATIVE PERFORMANCE OF PUBLIC SERVICES. WE PICKED 11. AND
4 THE REASON WE PICKED 11 SERVICES TO STUDY WAS BECAUSE, AS A
5 LOT OF ECONOMISTS WHO LIKE TO BORE YOU WITH DETAILS, BY THE
6 WAY, CONTRARY TO WHAT MILAN SAID, BASICALLY WE ONLY FOUND
7 ENOUGH DATA ON 11 SERVICES, AND I'M GOING TO GO OVER THOSE
8 BRIEFLY. YOU ARE GOING TO FIND OUT THAT IN FACT ONLY ABOUT
9 FIVE OR SEVEN OF THOSE SERVICES ACTUALLY HAVE ENOUGH DATA TO
10 REALLY SAY SOMETHING CONCRETE ABOUT SCALE ECONOMIES.

11 SO WE ARE LIMITED HERE BY DATA AVAILABILITY.
12 AND IN FACT, IT TURNED OUT THAT IN THE REASON STUDY, THE
13 LARGER CITIES ACTUALLY WERE A LITTLE MORE HESITANT TO GIVE
14 DATA OUT. IT IS HARD TO FIND RELEVANT DATA. THE SMALLER
15 PLACES, THE MID-SIZE CITIES, THE TULSA, OKLAHOMAS, FOR
16 INSTANCE, WERE QUITE FORTHCOMING WITH THIS SORT OF DATA.

17 OKAY. VERY LITTLE ACADEMIC RESEARCH TO DATE
18 DESCRIBES SCALE EFFICIENCY OF PUBLIC SERVICES. THERE ARE
19 QUITE A FEW FOREIGN STUDIES DONE ON EFFICIENCY IN PUBLIC
20 SERVICES. AUSTRALIA IS ONE PLACE THAT HAS DONE QUITE A FEW ON
21 POLICE SERVICES. IN THE U.S. THERE WAS A STUDY IN 1959 BY A
22 GENTLEMAN NAMED HIRSCH, AND THE TITLE ACTUALLY HAS THE WORDS
23 IN IT CONSOLIDATION AND HOW CITIES WILL FORM OR WHATEVER. SO
24 1959 THIS WAS PUBLISHED. THE DEBATE'S BEEN GOING ON FOR A
25 HECK OF A LONG TIME IN NORTH AMERICA.

26 THE MOST RECENT ONE I FOUND WAS NORMAN WALZER
27 AT WESTERN ILLINOIS UNIVERSITY, I BELIEVE IT IS, THAT DID A
28 STUDY FOR ILLINOIS TRYING TO MEASURE SCALE ECONOMIES OF

1 ILLINOIS CITIES. AND, BY GOLLY, HE FOUND A COUPLE THINGS,
2 MOSTLY POLICE SERVICES HE STUDIED. AND WE'RE GOING TO LOOK AT
3 POLICE IN OUR SAMPLES.

4 WELL, HE FOUND THAT, BY GOLLY, IT LOOKS LIKE
5 POLICE SERVICES, WHEN YOUR CITY'S BEYOND ABOUT 150,000 PEOPLE,
6 YOU ARE RUNNING AT DISECONOMIES OF SCALE, WHICH MEANS THAT YOU
7 SHOULD PROBABLY BREAK POLICE SERVICES UP INTO SEPARATE
8 JURISDICTIONS.

9 SO THE FINAL QUESTION IS FROM AN ECONOMIST'S
10 PERSPECTIVE, AND I'LL DISCUSS THIS AS BRIEFLY AS I CAN --
11 NEXT SLIDE -- ARE MOST PUBLIC SERVICES SO-CALLED NATURAL
12 MONOPOLIES? AND I'M GOING TO EXPLAIN WHAT THAT IS IN A
13 SECOND.

14 OKAY. HERE WE HAVE WHAT ECONOMIST'S LOVE TO
15 PUT UP, WHICH IS A COST DIAGRAM OR ANY KIND OF DIAGRAM TO TELL
16 A STORY HERE. SOME OF YOU HAVE SEEN THIS BEFORE. I THINK
17 IT'S WORTH REVISITING HERE, JUST FOR THE CONTEXT OF THE
18 CONFERENCE AND THE SYMPOSIUM.
19 BASICALLY WHAT YOU SEE IS THE NATURAL MONOPOLY SECTION, IF
20 YOU SEE Q STAR, WHICH IS THE MINIMAL LEVEL OF OUTPUT
21 IDEALLY -- THIS COST FUNCTION DESCRIBES WHAT WE CALL A
22 TECHNOLOGY. THIS MIGHT BE A TECHNOLOGY FOR PROVIDING WATER
23 SERVICES, IT MAY BE TECHNOLOGY FOR PROVIDING POLICE SERVICES
24 OR FIRE. BUT YOU WANT TO THINK OF THIS AS BEING A TECHNOLOGY
25 FOR AN INDIVIDUAL SERVICE.

26 SO OVER TO THE RIGHT -- OVER TO THE LEFT, I
27 SHOULD SAY -- WE'RE CANADIANS; WE GET LEFT-TO-RIGHT MIXED UP
28 -- OVER TO THE LEFT YOU HAVE INCREASING RETURNS TO SCALE WHICH

1 MEANS THAT, BY GOLLY, BIGGER IS BETTER. THAT IS THE STRUCTURE
2 OF TECHNOLOGY, BIGGER IS NECESSARILY BETTER.

3 AND EVEN THOUGH WE DON'T HAVE CONCLUSIVE
4 EVIDENCE FROM THIS STUDY, THERE IS A FAIR BIT OF EVIDENCE, FOR
5 INSTANCE, THAT WATER, WHICH BROUGHT L.A. TOGETHER AS A UNIT,
6 WE'VE ALL SEEN CHINATOWN, THAT WATER IN FACT HAS GREAT
7 ECONOMIES OF SCALE THAT BIGGER IS BETTER. AND OF COURSE Q
8 STAR, WE SAY, WOW, WE'RE AT THE IDEAL LEVEL. WE CALL THAT
9 MINIMUM EFFICIENT SCALE, WE SAY, BY GOLLY, WE ARE AT MINIMUM
10 COST AND WE'RE RIGHT WHERE WE OUGHT TO BE IN TERMS OF THE SIZE
11 OF THE CITY AND SIZE OF THE PUBLIC SERVICE PROVISIONS WE HAVE.

12 AND OVER, OF COURSE, TO THE LEFT OR TO THE
13 RIGHT -- I'M SORRY -- WE HAVE DECREASING RETURNS TO SCALE
14 WHICH SAYS THAT, BY GOLLY, AS WE GET LARGER, WE ARE GETTING
15 COST INCREASES, WHICH IS SORT OF THE "TOO MANY COOKS SPOIL THE
16 BROTH" KIND OF THING. OKAY.

17 NEXT SLIDE, PLEASE.

18 THE COMPETITIVE CITIES STUDY -- ACTUALLY, I
19 MENTION THAT FOR A SECOND BECAUSE WE ARE GOING TO GET TO THE
20 SCALE ECONOMIES FOR A SECOND HERE. THE COMPETITIVE CITIES
21 DATA WERE USED TO COMPUTE SOME OF THE SCALE RESULTS.

22 WE HAD DATA -- I SAID THIS WAS USED TO COMPUTE
23 TECHNICAL EFFICIENCY MEASURE. THE MEASURE WE USED ACTUALLY
24 WAS A COST TO THIS STUDY. WE WERE ACTUALLY FAR MORE GENEROUS
25 IN SAYING LET'S LOOK AT YOUR COST AND FIND OUT WHAT HAPPENED.

26 WE ACTUALLY WENT OUT AND SAID, LET'S GET DATA
27 ON PHYSICAL INPUTS AND PHYSICAL EVIDENCE, I.E., HOW MANY
28 POLICE OFFICERS YOU USE, HOW MANY FIREMEN YOU HIRE, HOW MANY

1 TRUCKS YOU WOULD USE FOR A TRUCKING SERVICE, HOW MANY BUSES
2 YOU HAVE.

3 WE ACTUALLY SAID, OKAY, WHO PROVIDES A GIVEN
4 SERVICE MORE EFFICIENTLY, I.E., WHO TRANSFORMS THOSE INPUTS
5 INTO MORE OUTPUTS? WHO USES FEWER INPUTS TO GET MORE OUTPUTS?
6 WE CALL THAT TECHNICALLY EFFICIENT.

7 AND YOU CAN SEE HOW THAT IS KIND OF A FAIRLY
8 WEAK NOTION. YOU COULD SPEND MILLIONS OF DOLLARS TO BE
9 SOMEWHAT TECHNICALLY EFFICIENT. SO WE ARE TRYING TO GET THE
10 POINT HERE: IS THERE IS A STRUCTURAL ISSUE WITH THE
11 TECHNOLOGY THAT SAYS THAT THESE PARTICULAR SERVICES MAY OR MAY
12 NOT BE PROVIDED MORE EFFICIENTLY IF THEY ARE SMALLER OR
13 LARGER. OKAY.

14 DOWN HERE WE ACTUALLY -- IN THE REASON STUDY WE
15 DID EFFICIENCY SCORES FOR INDIVIDUAL SERVICES WHICH WERE
16 AGGREGATED AFTER WE DID IT. BUT LUCKILY WE CAN, OF COURSE,
17 DRAW BACK OUT THE DATA FOR THE INDIVIDUAL SERVICES TO DISCUSS
18 THINGS LIKE WHO PROVIDED WATER SERVICES MOST EFFICIENTLY IN
19 THE SAMPLE, WHO PROVIDED FIRE SERVICES LEAST EFFICIENTLY IN
20 THE SAMPLE, AND OF COURSE WE CAN DO THE SCALE ECONOMY SCORES.
21 WE CAN TWEAK THE METHODOLOGY TO DRAW UP SOME SCALE ECONOMIES
22 RESULTS.

23 NEXT SLIDE, PLEASE.

24 WHAT IS KIND OF INTERESTING ABOUT THE SCALE
25 ECONOMY RESULTS WE GET, AGAIN, WE DON'T REALLY GET -- BECAUSE
26 IT'S A VERY GENERALIZED METHODOLOGY WE ARE USING, WE DON'T
27 REALLY GET SPECIFICS ABOUT HOW LARGE A GIVEN CITY SHOULD BE TO
28 PROVIDE A POLICE SERVICE. WHAT WE END UP GETTING ARE RESULTS

1 THAT SAY, SORT OF MORE DISCRETE, TO SAY YOU ARE TOO BIG, YOU
2 ARE TOO SMALL, YOU ARE JUST RIGHT. THAT IS ESSENTIALLY WHAT
3 WE GET, A SORT OF A TRINARY TYPE RESULT WE GET HERE.

4 SO HERE ARE THE SERVICES WE END UP GETTING. WE
5 HAD POLICE, FIRE, WATER PROVISION, PARK SERVICE, VERY SIMILAR
6 TO WHAT MILAN HAD, ACTUALLY, IN TERMS OF DATA. HE HAD SIMILAR
7 PROBLEMS.

8 YOU WILL NOTICE SOME OF THEM -- NOW, AN
9 ECONOMIST OR STATISTICIAN OR A PERSON WHO WORKS WITH DATA, YOU
10 LOOK AT THIS AND YOU GO, WOW, I CHECKED, LET'S SEE, BUILDINGS,
11 29 OBSERVATIONS OVER SEVEN YEARS. THAT IS NOT A LOT OF DATA.
12 SO I AM NOT EVEN GOING TO GO ANYWHERE NEAR BUILDINGS IN THIS
13 PARTICULAR STUDY.

14 IN THE REASON STUDY WE CAN ACTUALLY COME OUT
15 AND SAY AMONGST THE SMALL SAMPLE OF FOUR OR FIVE CITIES THAT
16 WE HAVE IN A GIVEN YEAR, I CAN TELL YOU WHO WAS MORE OR LESS
17 EFFICIENT BECAUSE THE METHODOLOGY ALLOWS ME TO COMPARE THE
18 PERFORMANCE OF WHOEVER HAPPENS TO BE IN THE SAMPLE FOR THAT
19 YEAR. BUT FOR SCALE ECONOMIES I AM NOT CONFIDENT THE METHOD
20 REALLY WORKS WITH THAT SMALL A SAMPLE.

21 SO WHAT I HAVE DONE, I HAVE COME OUT AND SAID
22 OKAY, I HAVE PICKED TRANSIT BECAUSE TRANSIT WAS A GREAT
23 DATASET. IN FACT, PART OF THE REASON I'M HERE IS I AM AN
24 URBAN TRANSIT SORT OF POLICY PERSON. I HAVE DONE A LOT OF
25 WORK, PUBLISHING WORK IN TRANSIT, SO I KNOW A LOT MORE ABOUT
26 TRANSIT THAN OTHER ASPECTS OF CITY SERVICE PROVISION. SO WE
27 PULLED OUT TRANSIT, WE HAD A GOOD DATA SET FOR THAT, VERY
28 SOLID. L.A. WAS INCLUDED IN THAT DATASET.

1 AND THE OTHER ONE WE PICKED OUT WAS -- I WAS
2 TALKING TO A COLLEAGUE OF MINE, I SAID, WELL, FIND SOMETHING
3 LESS CAPITAL INTENSIVE. I SAID, BY GOLLY, POLICE LOOKS OKAY,
4 SO WE PULLED UP POLICE SERVICES, AND OF COURSE THAT IS KIND OF
5 SEXY. EVERYONE WANTS TO KNOW HOW THEIR POLICE SERVICES WORK.

6 NOW, THE INTERESTING THING ABOUT THE
7 PARAMETRIC -- FORGET ABOUT THAT NAME. THE INTERESTING THING
8 ABOUT THE OTHER STUDIES THAT HAVE BEEN DONE METHODOLOGICALLY,
9 OKAY, IN TERMS OF OLDER STUDIES, THEY HAD FOUND THAT POLICE
10 SERVICES -- I THINK I MENTIONED THIS EARLIER -- BASICALLY A
11 CITY OF OVER 125,000 PEOPLE PROBABLY HAS DISECONOMIES AND
12 PROBABLY IS TOO BIG A CITY TO PROVIDE EFFECTIVE POLICE
13 SERVICE.

14 WHAT WE ARE GETTING DOWN HERE IN OUR RESULTS
15 END UP POINTING TO ROUGHLY THE SAME THING, WHICH IS KIND OF
16 INTERESTING BECAUSE WE ARE NOT EVEN USING IN SOME SENSE THE
17 SAME DATA, THE COST DATA THAT WE USED FOR THAT. SO FROM A
18 PURELY EFFICIENCY PERSPECTIVE, WE ARE GETTING VERY SIMILAR
19 RESULTS.

20 NEXT SLIDE, PLEASE.

21 SO WHAT I HAVE DONE FOR THE FIRST BIT HERE, I
22 HAVE ACTUALLY -- I CAME OUT WITH THE SCALE COMPUTATIONS FOR --
23 THE REASON I MENTIONED TRANSIT AND POLICE FORCE, I AM GOING TO
24 SHOW A SLIDE LATER THAT BREAKS DOWN SOMETHING ELSE I'LL
25 DISCUSS.

26 BUT I PULLED UP DATA ON BASICALLY FIVE SERVICES
27 THAT HAD THE MOST DATA, WHICH WERE LIBRARIES, PARKS, POLICE,
28 TRANSIT, AND STREETS. AND AGAIN, I AM GOING TO BACKOUT POLICE

1 AND TRANSIT IN JUST A TAD MORE DETAIL.

2 THE NEXT SLIDE.

3 THIS IS NOT QUITE THE SLIDE FROM HELL. OH, NO,
4 THIS IS NOT IT. OKAY, I'M SORRY. IT'S THE NEXT ONE. WE HAVE
5 DATA, WE HAVE NUMBERS COMING UP VERY SOON.

6 JUST TO GIVE YOU AN IDEA OF THE SORT OF DATA WE
7 ACTUALLY USED FOR THE STUDY, FOR THE TRANSIT WE USED THE
8 NUMBER OF EMPLOYEES, NUMBER OF VEHICLES, THE EQUIVALENT AMOUNT
9 OF FUEL USED. THAT'S ALMOST A BIT TRICKY WHEN HE HAVE
10 ELECTRICALLY POWERED RAIL AND DEISEL POWERED BUSES. SO WHAT I
11 ENDED UP DOING WAS CONVERTING ALL THE ENERGY SOURCES INTO A
12 COMMON ENERGY UNIT LIKE A JOULE, FOR INSTANCE, AND THE OUTPUTS
13 AND OUTPUTS ANNUAL VEHICLE MILES, THE ANNUAL REVENUE VEHICLE
14 MILES.

15 FOR THOSE OF YOU WHO MAY KNOW ABOUT THIS, THEY
16 SOUND SIMILAR, BUT THEY ARE NOT. ONE, ANNUAL VEHICLE MILES IS
17 AN EMPTY BUS. SO IT SORT OF SAYS YOU CAN HAVE EMPTY BUSES
18 RUNNING AROUND, YOU CAN LOOK EFFICIENT. THE OTHER ONE SAYS
19 THE REVENUE VEHICLE MILES SAYS HOW MANY BUSES DID YOU ACTUALLY
20 RUN WHICH HAD PEOPLE IN THEM? OKAY. SO WE USED BOTH
21 MEASURES TO KIND OF SEE HOW EFFICIENT THE COMPANY IS.

22 SO, AGAIN, WE ARE BEING FAIR. THE BUS COMPANY
23 FOR THE CITY COULD ACTUALLY RUN EMPTY BUSES AND WE WOULDN'T
24 DIFFERENTIATE IT, WE SAY, WELL, SEE WHO IS MORE OR LESS
25 EFFICIENT IN DOING THAT.

26 IN FACT BY INCLUDING THE REVENUE VEHICLE
27 MEASURE WE ARE GETTING A SENSE OF HOW EFFECTIVE THE SERVICE
28 WAS IN SOME SENSE.

1 AND FOR POLICE OFFICERS, AGAIN, THE LACK OF
2 DATA, WE HAD A LOT OF DATA POINTS. IT WAS VERY DIFFICULT TO
3 GET INPUTS NOW FOR POLICE. AND AGAIN BORING YOU WITH THE
4 DETAILS HERE, NUMBER OF SWORN OFFICERS, NUMBER OF SUPPORT
5 STAFF, AND THE OUTPUT WAS AN FBI CRIME INDEX WHICH IS
6 BASICALLY AN AGGREGATE MEASURE OF DIFFERENT TYPES OF CRIME IN
7 A PARTICULAR URBAN AREA.

8 NEXT SLIDE. HERE WE ARE, SLIDE FROM HELL,
9 NUMBERS.

10 I THINK WHAT IS INTERESTING TO SORT OF POINT
11 OUT HERE, AND I WILL GO OVER THE NEXT COUPLE OF SLIDES, AND I
12 AM KIND OF SHORT ON TIME HERE.

13 THE PERCENTAGE OF CITIES IN THIS SAMPLE
14 PROVIDES SCALE EFFICIENT SERVICE. NOW, THIS IS SAYING HOW
15 MANY CITIES IN THAT GIVEN YEAR FOR THAT PARTICULAR SERVICE
16 WERE ACTUALLY OPERATING AT THAT Q STAR, AT THAT SORT OF LOWEST
17 COST LEVEL, IF YOU WANT TO THINK ABOUT IT THAT WAY. THEY WERE
18 OPTIMUM, THEY WERE THE RIGHT SIZE FOR PROVIDING THAT SERVICE.

19 YOU WILL NOTICE -- I GUESS WHAT STANDS OUT
20 THERE IS THAT PARKS, WHICH YOU MIGHT EXPECT, THERE ARE LARGE
21 SCALE ECONOMIES OF PARK SERVICES. THAT IS HOW YOU WANT TO
22 INTERPRET THAT RESULT.

23 MOST OF THE CITIES IN THAT SAMPLE, THEY HAD
24 SCALE EFFICIENT PARK SERVICES. THEY WERE -- EVEN THOUGH THEY
25 WERE LARGE CITIES, AND IN FACT MOST OF THE CITIES IN THE
26 SAMPLE WERE OVER A HALF A MILLION PEOPLE, THAT IN FACT THEY
27 WERE PROVIDING THE RIGHT LEVEL OF SERVICE IN PARKS.

28 NOW THE ONE TO LOOK AT IS POLICE AS WELL.

1 VIRTUALLY NO ONE, VIRTUALLY NO ONE WAS SCALE EFFICIENT IN THE
2 POLICE PROVISION SERVICES. SO WHAT WE ARE SAYING HERE IS THAT
3 THESE CITIES WERE BASICALLY TOO BIG, THEY WERE PROVIDING VERY
4 INEFFECTIVE, VERY NONEFFICIENT POLICE SERVICES, AND MAYBE THEY
5 OUGHT TO RETHINK SOME OF THE PROCESS.

6 AND AGAIN WE DRAW -- THE LIBRARY KIND OF WENT
7 UP AND DOWN AND SO DID -- SOMEWHAT SO DID THE STREET DATA.

8 SO WHAT WE ARE GOING TO DO -- GO TO THE NEXT
9 SLIDE, PLEASE. GET RID OF THE NUMBER SLIDE FROM HELL.

10 AND JUST A QUICK DESCRIPTION HERE. SO
11 BASICALLY WHAT I SAID EARLIER, THAT THE RESULTS INDICATE OR
12 THESE PRELIMINARY SCALE RESULTS INDICATE THAT IN GENERAL THESE
13 MAJOR CITIES PROVIDE MANY SERVICES AT INEFFICIENT SCALE. SO
14 THEY ARE TOO BIG, RIGHT.

15 SOME SERVICES ARE BETTER PROVIDED ON A SMALLER
16 SCALE THAN AT PRESENT. BUT AGAIN THAT RESULT IS NOT
17 UBIQUITOUS. AND THIS GOES BACK TO MILAN'S POINT. AGAIN, THE
18 DEVIL IS THE DETAILS, I SUPPOSE, BUT BASICALLY SERVICES ARE
19 DIFFERENT.

20 THERE ARE SOME ECONOMIES WHAT WE CALL SCOPE.
21 ECONOMIES OF SCOPE BASICALLY SAYS IF TWO DIFFERENT SERVICES
22 CAN SHARE RESOURCES IN SOME SENSE, YOU GET COST SAVINGS FROM
23 THAT. WE DON'T HAVE TOO MUCH IN THE WAY OF ECONOMIES OF SCOPE
24 FOR THESE SERVICES THAT WE KNOW. LARGE CITIES ARE ALL
25 BURAUCRATIZED. GENERALLY THESE ARE ALL VERY SEPARATED.

26 THIS IS NOT TO SAY THAT THAT COULD CHANGE IN A
27 SORT OF MODERN TECHNOLOGICAL COMPUTER-BASED SOCIETY THAT IN
28 FACT CERTAIN SERVICES COULD BE PROVIDED WITH ECONOMIES OF

1 SCOPE. BUT WHAT I AM SAYING RIGHT NOW IS, GIVEN WHAT WE
2 PROVIDE RIGHT NOW, GIVEN HOW WE PROVIDE PUBLIC SERVICES, YOU
3 HAVE TO BACK OUT FROM THE DATA AND SAY LOOK AT THEM
4 SEPARATELY, THEY ARE DIFFERENT, THE UBIQUITOUS BIGGER OR
5 SMALLER DOESN'T HOLD FOR A CITY UNTIL YOU LOOK AT THE SERVICES
6 THAT GOING TO BE PROVIDED. THAT IS THE LESSON.

7 OKAY. RUNNING OUT OF TIME.

8 LET'S GO TO THE NEXT SLIDE, ACTUALLY.

9 JUST AGAIN TALKING ABOUT POLICE AND PARK
10 SERVICE, IS BIGGER BETTER?

11 NEXT SLIDE, PLEASE.

12 WHAT I DID HERE, I COMPILED A TABLE OF THE
13 SERVICES, AND AGAIN YOU WANT TO THINK THESE NUMBERS -- THESE
14 ARE THE PERCENTAGE OF THE NUMBER OF CITIES IN THIS CASE WHICH
15 ACTUALLY HAVE DECREASING RETURNS TO SCALE IN THESE SERVICES.
16 HOW MANY CITIES IN THE GIVEN SAMPLE, IN THE GIVEN YEAR FOR
17 POLICE OR TRANSIT SERVICE ARE TOO BIG?

18 SO YOU LOOK AT POLICE, AND YOU SAY OKAY, WE HAD
19 NO DATA FOR '92. THEY ARE ALL TOO BIG. BASICALLY THERE ARE A
20 LOT. THIS IS A LARGE SAMPLE. THIS IS ROUGHLY 47 CITIES PER
21 YEAR. YOU ARE TALKING ROUGHLY 42 CITIES PER YEAR PROVIDED TOO
22 BIG A SERVICE.

23 I WENT AND CHECKED THE DATA WHAT CITIES DON'T.
24 WELL, BY GOLLY, YOU WOULD BE SURPRISED. SMALL CITIES LIKE SAN
25 ANTONIO, TEXAS, AND AGAIN TULSA, OKLAHOMA, COME UP. THEY LOOK
26 LIKE THEY ARE PROVIDING, IN THE SAMPLE, MORE OR LESS SCALE
27 EFFICIENT SERVICES, OKAY.

28 AND TRANSIT, OF COURSE, NOT SO CLEAR. THERE'S

1 A BIT OF A JUMP. AND AGAIN, TRANSIT IS COMPLICATED TOO
2 BECAUSE WE HAVE FEDERAL SUBSIDIES AND LOCAL AND OTHER REGIONAL
3 SUBSIDIES THAT COME IN THERE AND SORT OF SPOIL THE BREW.

4 BUT AGAIN CONTRASTING WITH POLICE, YOU SEE THAT
5 TRANSIT, SOMETIMES SOME CITIES DO FAIRLY WELL IN PROVIDING
6 TRANSIT SERVICES, BUT THERE ARE STILL QUITE A FEW WHICH ARE
7 PROBABLY TOO BIG TO BE PROVIDING TRANSIT SERVICE AND SHOULD
8 THINK ABOUT SHRINKING OR DOWNSIZING THEIR PARTICULAR TRANSIT
9 SERVICE.

10 AND AGAIN, LIKE I SAID, THE LESSON APPEARS TO
11 BE ONCE YOU LOOK AT THE INDIVIDUAL SERVICES, THE SCALE RESULTS
12 NOT UBIQUITOUS, THEY ARE NOT COMMON ACROSS SERVICES, AT LEAST
13 THE WAY WE PROVIDE THEM NOW.

14 SO, AS MILAN HAD MENTIONED, SOME SORT OF
15 TWO-TIERED LOCAL GOVERNMENT WHERE EMPIRICALLY -- AND AGAIN
16 THERE IS NOT A LOT OF DATA. THIS IS A VERY EMOTIONAL ISSUE.
17 WE ARE TRYING TO SORT OF PUT SOME NUMBERS BEHIND THIS. SAYING
18 THAT THERE ARE SERVICES WHICH CLEARLY EVERYBODY IS AN EXPERT
19 AND SAYS THIS CITY IS TOO BIG TO PROVIDE THIS, BUT THERE ARE
20 OTHER SERVICES LIKE PARKS WHERE IT IS NOT SO CLEAR THAT A
21 LARGE CITY CAN'T PROVIDE THAT AND CHEAPER THAN A SMALLER CITY.

22 OKAY. THANK YOU VERY MUCH.

23 MR. POOLE: OKAY. I BELIEVE WE ARE DOING THE SAME
24 PROCEDURE ON QUESTIONS AS WE DID THE LAST SESSION.

25 MR. SCOTT: JAMES NOLAN: DID YOU DIFFERENTIATE
26 THE CITIES BETWEEN UNION EMPLOYEES, PER SE, POLICE, AND
27 NONUNION POLICE DEPARTMENTS?

28 MR. NOLAN: AN EXCELLENT QUESTION. NO, WE DID NOT.

1 WE JUST COLLECTED THE DATA AS IT WAS.

2 AGAIN, THE DATA ISSUE KEEPS CROPPING UP AGAIN.
3 THE DATA WE COLLECTED WAS ESSENTIALLY WHAT THE CITIES WOULD
4 GIVE US ABOUT THEIR POLICE SERVICES. IF I RECOLLECT, WE MAY
5 END UP HAVING A VARIABLE WHICH IS DESCRIBED AS UNION VERSUS
6 NONUNION, BUT IT WASN'T INCLUDED AS PRELIMINARY PHASE IN THE
7 STUDY.

8 I HOPE THAT ANSWERS THE QUESTION.

9 MR. SCOTT: PROFESSOR DLUHY, YOUR TABLES 2 AND 4
10 DO NOT INCLUDE TRANSPORTATION. DO YOU REGARD TRANSPORTATION
11 NEEDS ARGUE FOR AMALGAMATION OR FRAGMENTATION?

12 MR. DLUHY: IT IS NOT IN THERE BECAUSE THAT IS
13 ALREADY A REGIONAL SERVICE IN FLORIDA, SO IT IS NOT AN ISSUE.
14 JUST THE URBAN SERVICES WERE AN ISSUE. IT IS ALREADY
15 REGIONAL AND WILL STAY REGIONAL BECAUSE WE HAVE A PORT AND
16 THINGS LIKE THAT. SO THAT WILL NOT BE DONE BY A MUNICIPALITY.

17 MR. SCOTT: PROFESSOR SANCTON, DO YOU ENVISION ANY
18 ECONOMIC OR SERVICE BENEFITS DERIVED FROM, I BELIEVE THIS IS
19 EITHER DEAMALGAMATION OR DEANNEXATION?

20 MR. SANCTON: THIS IS QUITE FOREIGN TO MY
21 EXPERIENCE. IT IS NOTABLE THAT PART OF THE UNICITY IN
22 WINNIPEG WAS ACTUALLY SUCCESSFUL IN SECEDING, BUT IT WAS
23 LARGELY A RURAL AREA. SO WE CAN'T LEARN VERY MUCH FROM THAT.

24 I SIMPLY DON'T KNOW ENOUGH ABOUT IT TO ANSWER.
25 I GUESS THERE IS ONE THING I WOULD SAY, HOWEVER, THAT I THINK
26 EVERYBODY NEEDS TO KEEP IN MIND. I HAVE BEEN CRITICAL OF THE
27 AMALGAMATIONS IN CANADA FOR A NUMBER OF REASONS, AND ONE OF
28 THEM WAS THE TRANSITION COSTS WEREN'T PROPERLY ACCOUNTED FOR.

1 HUGE AMOUNTS OF MONEY, SO-CALLED ONE-TIME MONEY, WERE SPENT ON
2 TRANSITION.

3 IT COSTS A LOT TO REORGANIZE THINGS. SO I
4 ALWAYS THINK OF THE TRANSITION COSTS OF AN AMALGAMATION NOT
5 BEING PROPERLY ACCOUNTED FOR.

6 I GUESS WHAT I WOULD SAY TO ANYBODY AROUND HERE
7 IS THAT TO DO THIS THING HONESTLY AND PROPERLY, EVERYBODY
8 SHOULD TAKE ACCOUNT THE TRANSITION COSTS OF SECESSION. I HAVE
9 NO IDEA WHAT THEY MIGHT BE, BUT THERE HAS TO BE SOME COSTS
10 ASSOCIATED WITH THAT, AND -- BECAUSE YOU ARE BREAKING UP
11 ORGANIZATIONS, SETTING UP NEW COMMUNICATION SYSTEMS, AND ALL
12 THAT SORT OF THING.

13 SO THE BEST I CAN DO IS SAY DO IT HONESTLY, DO
14 IT PROPERLY, AND IF YOU ARE PRESENTING NUMBERS ON THAT, DON'T
15 ASSUME AWAY THE COSTS OF TRANSITION.

16 SOMETIMES THERE ARE SAVINGS IN JUST CONTINUING
17 ON DOING THINGS THE SAME WAY. IF YOU INVEST SOME MONEY IN
18 TRANSITION COSTS AND YOU GET BIG SAVINGS, THEN OBVIOUSLY THAT
19 IS A GOOD EXPENDITURE ON TRANSITION COSTS.

20 MR. SCOTT: I'LL THROW THIS ONE OUT TO BOB POOLE.
21 IT DOESN'T HAVE A NAME ON IT. IT SAYS: SHOULD A MORE
22 REGIONAL GOVERNMENT ESTABLISH STANDARDS FOR LOCAL UNITS TO
23 IMPLEMENT, I.E., HOUSING AND BUSINESS DEVELOPMENT?

24 MR. POOLE: I THINK PROBABLY PROFESSOR OAKERSON
25 WOULD REALLY BE THE BETTER QUALIFIED ONE TO ANSWER THAT.

26 I THINK IN TERMS OF THE KIND OF SCHEME OF
27 GOVERNMENTS THAT PROFESSOR OAKERSON LAID OUT, THAT DOES MAKE
28 SOME SENSE. YOU NEED SOME BASIC GROUND RULES AT THE

1 METROPOLITAN-WIDE OR OVERALL GENERAL CITY-WIDE LEVEL.

2 BUT WITHIN THAT, THE CRUCIALLY IMPORTANT THING
3 THAT HAS NOT BEEN IN THE DEBATE HERE IN LOS ANGELES TO DATE
4 HAS BEEN ABOUT REAL FINANCIAL AND SERVICE RESPONSIBILITY AT
5 THE LEVEL OF MUCH MORE LOCALIZED UNITS WITHIN THE LARGER
6 FRAMEWORK.

7 MR. SCOTT: JAMES NOLAN, WHAT EFFECT OF HIGH TECH
8 IMPROVEMENTS INFLUENCE THE RESULTS OF POLICE SERVICES SINCE
9 DATA WAS GIVEN ONLY THROUGH 1996? WOULD BIGGER CITIES BE
10 BETTER PREPARED FOR THE COST OF EQUIPMENT?

11 MR. NOLAN: I HAVE TO SAY THAT THE POLICE DATA ENDED
12 UP BEING SHORT. I WOULD HAVE LOVED TO HAVE HAD SOME SORT OF
13 DATA UP TO 1999, ACTUALLY, SO THAT WAS SORT OF USEFUL.

14 I AM NOT SURE WHAT TECHNICAL CHANGES IN POLICE
15 PROVISIONS HE IS TALKING ABOUT OR IF THE PERSON IS TALKING
16 ABOUT POSSIBLY SYSTEMS ON CARS. I DON'T KNOW. I DON'T THINK
17 I HAVE ENOUGH INFORMATION TO ANSWER THE QUESTION, QUITE
18 FRANKLY.

19 I THINK THAT IF THERE WAS A MAJOR TECHNICAL
20 CHANGE IN THE '90S IN POLICE PROVISION, PERHAPS THERE WAS, AS
21 THERE WAS A LOT SERVICE ISSUES IN TRUCKING, FOR INSTANCE. BUT
22 YES, THIS WOULD HAVE TO BE REDONE AND WE WOULD HAVE TO REDO
23 SOME OF THE SAMPLE AND CONCLUDE -- I HESITATE TO SAY THAT
24 BECAUSE I THINK THAT GIVEN THE RESULTS THE POLICE WERE SO
25 STRONGLY THAT THEY WERE AT DISECONOMIES OF SCALE, I WOULD FIND
26 IT HARD TO BELIEVE THAT A CHANGE WOULD MAKE THAT BIG A
27 DIFFERENCE. BUT YOU WOULD PROBABLY SEE A CLIMB IN THE
28 PERCENTAGE OF FIRMS THAT WERE SCALE EFFICIENT, DOING IT AT THE

1 RIGHT SIZE.

2 MR. POOLE: I USED TO WORK IN THE AREA OF PUBLIC
3 SAFETY AND CONSULTING, AND I HAVE TRIED TO KEEP UP WITH THIS A
4 LITTLE BIT.

5 POLICE IN GENERAL IS A VERY, VERY
6 LABOR-INTENSIVE SERVICE, SO IT IS TRUE YOU NOW HAVE MORE AND
7 MORE IN-CAR COMPUTER TERMINAL TYPE OF THINGS, BUT THAT IS A
8 RELATIVELY QUITE MODEST PORTION OF THE OVERALL ANNUAL
9 BUDGETARY COST OF THE POLICE DEPARTMENT.

10 ALSO IT IS SOMETHING THAT RELATES DIRECTLY TO
11 THE DISPATCH FUNCTION WHICH, AS PROFESSOR OAKERSON'S DATA FOR
12 THE ST. LOUIS AREA SHOWED, IS ONE THAT IS TYPICALLY GREATLY
13 CONSOLIDATED AMONG MANY DIFFERENT PROVIDER UNITS.

14 SO AGAIN I DON'T THINK THAT TECHNOLOGY QUESTION
15 IS ONE THAT OVERTURNS THE GENERAL DISECONOMIES OF SCALE
16 RESULTS, GIVEN THE LABOR-INTENSIVE NATURE OF MOST OF THE
17 POLICE BUDGET AND THE RELATIONSHIP OF TECHNOLOGY PRIMARILY TO
18 WHAT ARE ALREADY CENTRALIZED FUNCTIONS LIKE DISPATCH.

19 MR. DLUHY: I JUST WANTED TO ADD A COMMENT I
20 COULDN'T MAKE IN MY 15 MINUTES. WE ARE TALKING ABOUT SOME
21 DATA HERE, ECONOMIC DATA. THE OTHER SIDE OF YOUR ISSUE IS
22 RESPONSIVENESS, AND THAT IS WHAT YOU ARE INTERESTED IN.

23 IN OUR BIG SURVEY OF THE COUNTY, WE ASKED
24 PEOPLE IDENTIFY THE KIND OF COMMUNITY THEY WANT TO LIVE IN AND
25 WHAT SIZE, AND THEY WANT TO LIVE IN A COMMUNITY OF 25,000.

26 PEOPLE DIDN'T WANT TO LIVE IN SMALL COMMUNITIES
27 UNDER 10,000, THEY DIDN'T WANT TO LIVE IN 100,000. THEY
28 THOUGHT THAT WAS THE SCALE THAT THEY WERE MOST INTERESTED IN.

1 WHETHER THAT HAS A RATIONALE IN ECONOMICS, I
2 DON'T KNOW. BUT WHAT I THINK IS VERY INTERESTING IS HOW
3 UNIFORM AND OVERWHELMING THAT FIGURE IS.

4 MR. SCOTT: FOR JAMES NOLAN: DID YOU CONSIDER ANY
5 OTHER MEASUREMENTS FOR POLICE SERVICE, OTHER THAN FBI CRIME
6 STATISTICS, SUCH AS RESPONSE TIME AND THE LIKE?

7 MR. NOLAN: YES, WE DID. THERE WASN'T ENOUGH OF IT
8 OVER ENOUGH CITIES TO REALLY USE IT. IN FACT, RESPONSE TIME
9 WAS SORT OF NOTORIOUSLY UNRELIABLE.

10 WE HAD A LOT OF DATA FROM COUNTY TYPE SHEETS
11 FROM THE CITIES. WE WERE WARNED IT WAS UNRELIABLE AND THERE
12 JUST WASN'T ENOUGH OF IT. SO WE SORT OF SAID, WELL, MAYBE THE
13 NEXT TIME WE WOULD USE IT. BUT, AGAIN, WE HAVE TO CUT THE
14 SAMPLE DOWN TO SOMETHING SO TINY THAT IT WOULDN'T BE
15 WORTHWHILE PROBABLY TALKING ABOUT IT.

16 MR. SCOTT: FOR ANDREW SANCTON: WAGE
17 HARMONIZATION, IS THIS REALLY A TERM FOR UNIONS FORCING
18 HIGHER WAGES?

19 MR. SANCTON: ONE OF THE BIG PROBLEMS WITH THESE
20 AMALGAMATIONS IS YOU HAVE A WHOLE BUNCH OF COLLECTIVE
21 AGREEMENTS, AND THEY ALL HAVE TO BE RENEGOTIATED PREVIOUSLY
22 20, 30 OR 40 UNIONS IN EACH MUNICIPALITY, DIFFERENT COLLECTIVE
23 AGREEMENTS, AND THEN YOU ARE GOING TO HAVE ONE COLLECTIVE
24 AGREEMENT FOR AFFECTING MAYBE THREE OR FOUR DIFFERENT UNIONS.

25 SO YOU BOIL ALL THESE 20, 25, 30 COLLECTIVE
26 AGREEMENTS DOWN TO THREE OR FOUR. AND THE ASSUMPTION OF THE
27 ACCOUNTANTS IS THAT YOU SOMEHOW MAGICALLY GET THE AVERAGE WAGE
28 THAT WAS PAID BEFORE.

1 BUT WHAT HAPPENS IN THE REAL WORLD OF
2 COLLECTIVE BARGAINING, THE UNIONS DO WHAT THEY ARE SUPPOSED TO
3 DO, THEY BARGAIN SO THAT NONE OF THEIR MEMBERS GET REDUCTIONS
4 AND THAT THE EVENING-UP PROCESS RESULTS IN PEOPLE BEING
5 RAISED UPWARDS.

6 SO, SURE, THAT IS THE RESULT OF UNIONS
7 BARGAINING TO PROTECT THE INTEREST OF THEIR MEMBERS. THERE
8 HAVE BEEN A FEW AMALGAMATIONS IN SMALLER PLACES THAN ONTARIO,
9 AND I AM ONLY CONCENTRATING ON THE BIG AMALGAMATIONS.

10 THERE HAVE BEEN SOME AMALGAMATIONS IN SMALLER
11 PLACES WHERE MUNICIPALITIES WITH NONUNION WORKERS HAVE BEEN
12 MERGED WITH MUNICIPALITIES THAT DID HAVE UNION WORKERS.

13 THIS HAS BEEN DONE BY A GOVERNMENT TO STAY WITH
14 A PROMARKET IDEALOGICAL ORIENTATION AND PASS LOTS OF
15 LEGISLATION THAT WASN'T VERY FRIENDLY TO UNIONS.

16 BUT IN THOSE UNION-NONUNION MERGERS, ALL OF
17 THEM RESULTED IN A UNION WORKPLACE. AND SO YOU COULD SAY THAT
18 THE SO-CALLED PROMARKET AMALGAMATORS WERE ACTING TO INCREASE
19 UNIONIZATION. DOESN'T MATTER WHETHER IT IS A GOOD THING OR A
20 BAD THING, THAT JUST HAPPENS TO BE THE RESULT OF WHAT THE
21 PROCESS BRINGS.

22 MR. SCOTT: FOR MR. NOLAN: DID YOU MAKE ANY
23 COMPARISON BETWEEN ECONOMY OF SCALE AND CRIME RATES?

24 MR. NOLAN: I GUESS I SHOULD HAVE WORN MY POLICE
25 HAT TODAY.

26 ECONOMIES OF SCALE AND CRIME RATES? NO. WE
27 DIDN'T REALLY HAVE CRIME RATE DATA, ASIDE FROM THE INDEX. WE
28 HAVEN'T DONE ANY SORT OF SECOND STAGE CORRELATIONS IN SOME

1 SENSE, A LA PROFESSOR DLUHY HAS DONE AT THIS POINT. AGAIN, IT
2 IS JUST PRELIMINARY RESULTS WITH THE DATA THAT WE HAVE.

3 YOU HAVE TO BE FORTHRIGHT ABOUT THAT WHEN YOU
4 EXPLAIN THESE RESULTS THAT IN FACT THERE ARE LIMITATIONS TO
5 THE DATA.

6 THE CRIME INDEX, I THINK EVERYONE IN THIS ROOM
7 WOULD HAVE TO AGREE THAT WHEN YOU HAVE AGGREGATED CRIME INDEX
8 WHICH INCLUDES THE SORT OF MEASURES THAT PEOPLE LIKE TO TALK
9 ABOUT WITH CRIME, THAT YOU ARE PROBABLY DOING AS BEST YOU CAN.
10 AND WE MANAGED TO GET THAT DATA FAIRLY RELIABLY.

11 MR. DLUHY: THERE WAS NO RELATIONSHIP IN MY STUDY
12 BETWEEN SIZE AND CRIME RATE.

13 MR. SCOTT: THIS IS A NARRATIVE WRITTEN QUESTION.
14 QUESTION FOR MR. NOLAN: YOUR COMPUTATION FOR POLICE SERVICES
15 SEEMS VERY SIMPLISTIC, NUMBERS OF PERSONNEL VERSUS CRIME
16 INDEX. THERE IS MUCH MORE TO POLICE WORK THAN JUST PATROL
17 EQUAL CRIME SUPPRESSION. HOW ABOUT DETECTIVES IN SPECIALIZED
18 DETECTIVE UNITS, THE SWAT TEAMS, THE TRAINING UNITS, ET
19 CETERA, ET CETERA? ALL THESE ARE IMPORTANT PARTS OF POLICE
20 WORK. ISN'T YOUR COMPUTATION TOO SIMPLISTIC?

21 MR. NOLAN: I WOULD LIKE TO SAY DEFINITELY NO. I
22 WOULD ALSO LIKE TO SAY THAT IT WOULD BE NICE TO BE ABLE TO
23 BREAK DOWN INDIVIDUAL SERVICES IN EVEN GREATER DETAIL AND TELL
24 A MORE DETAILED STORY ABOUT WHAT IS GOING ON.

25 WHAT I DO FIND INTERESTING, AND I TRIED TO
26 STRESS THIS IN THE TALK, IS THAT NOT ONLY DO WE GET THESE
27 RESULTS ABOUT POLICE WHICH LOOK PRETTY STRONG, BUT WE FIND
28 THEY ALSO ACCORD WITH PREVIOUS RESEARCH FROM 40 YEARS AGO,

1 FROM 20 YEARS AGO THAT BASICALLY SAYS HERE ARE THE ECONOMIES
2 OF SIZE OR ECONOMIES OF SCALE -- SAME THING -- FOR POLICE
3 SERVICES; WE FIND THAT THESE, IN THIS SAMPLE OF LARGER MAJOR
4 AMERICAN CITIES WE GET VIRTUALLY NO ONE WHO IS AT A MINIMUM
5 COST LEVEL. SO THAT IS MY OPINION IS STRONG IN AGREEMENT WITH
6 THE PREVIOUS DATA.

7 AND AGAIN, THE PREVIOUS STUDIES DON'T GO INTO
8 THE KINDS OF DETAIL YOU ARE TALKING ABOUT IN TERMS OF NUMBER
9 OF DETECTIVES AND BREAKING DOWN THE NUMBER OF EMPLOYEES. THAT
10 WAS THE BREAKDOWN WE GOT FROM POLICE SERVICES.

11 IF SOMEONE IS OUT THERE WHO CAN GET US BETTER
12 DATA FOR A NUMBER OF CITIES ON DIFFERENT TYPES OF POLICE
13 EMPLOYEES, I WOULD LOVE TO SEE IT, WE WOULD ALL LOVE TO SEE
14 IT.

15 BUT THE FACT OF THE MATTER IS IT IS NOT REALLY
16 OUT THERE. AND, AGAIN, THE FACT THAT OUR RESULTS ACCORD
17 PRETTY STRONGLY, I MEAN YOU DON'T GET THIS KIND OF STRENGTH OF
18 RESULT, THIS KIND OF EMPIRICAL RESEARCH VERY OFTEN. THE FACT
19 THAT THE POLICE DATA RESULTS ACCORD WITH PREVIOUS STUDIES I
20 THINK IS A FAIRLY STRONG INDICTMENT THAT WE HAVE GOT, AT LEAST
21 AMONG THE INPUTS AND OUTPUTS WE ARE USING, WE HAVE GOT THE
22 RIGHT INDICATORS, AT LEAST IN SOME SENSE, ENOUGH TO TELL THE
23 STORY.

24 MR. SANCTON: CAN I MAKE A QUICK COMMENT HERE.

25 I THINK IT IS IMPORTANT WHEN YOU ARE LOOKING
26 AT SOMETHING LIKE POLICE TO NOT ALWAYS THINK OF IT JUST AS
27 POLICE AS A UNIFIED FUNCTION, AS RONALD OAKERSON POINTED OUT
28 EARLIER TODAY.

1 YOU CAN HAVE SMALL POLICE FORCES AND THEY CAN
2 AND DO GET TOGETHER ON SOME OF THESE SWAT TEAMS AND MURDER
3 INVESTIGATIONS AND THAT SORT OF THING.

4 SO PROFESSOR OAKERSON HAD A SLIDE ABOUT THAT
5 FOR PITTSBURGH AND ST. LOUIS COUNTY, HOW THAT WAS DONE. THERE
6 IS INFORMATION ON THAT IN HIS BOOK, WHICH I USE IN MY CLASS AT
7 HOME.

8 WE DO GET CAUGHT IN TRAPS HERE IF WE ALWAYS
9 THINK ABOUT POLICE AS JUST ONE SERVICE. IT IS IMPORTANT TO
10 BREAK DOWN POLICE INTO A WHOLE BUNCH OF DIFFERENT ACTIVITIES
11 WITHIN POLICE.

12 MR. SCOTT: I HAVE A SOFTBALL QUESTION FOR
13 EVERYBODY: HOW DOES PRIVATIZATION FIT INTO YOUR CONCEPT OF
14 CITY ORGANIZATION?

15 MR. SANCTON: I'LL TAKE A START ON THAT.
16 IRONICALLY, ONE OF THE ARGUMENTS GIVEN FOR AMALGAMATIONS IN
17 ONTARIO WAS SOMEHOW CREATING LARGER UNITS WOULD MAKE
18 PRIVATIZATION EASIER.

19 ONE OF THE IRONIES WAS THAT THE PEOPLE WERE SO
20 CAUGHT UP IN MERGING THINGS THAT THEY DIDN'T HAVE TIME TO
21 THINK OF ALTERNATIVE SERVICE DELIVERY, THEY WEREN'T ABLE TO
22 ADDRESS OTHER QUESTIONS.

23 BUT CERTAINLY THE THEORY AND I THINK THE
24 PRACTICE, AS I UNDERSTAND IT, IS THAT YOU DON'T HAVE TO GET
25 TIED UP WITH THE IDEOLOGY OF PRIVATIZATION, WHETHER PRIVATE
26 COMPANIES ARE NECESSARILY BETTER OR MORE EFFICIENT. THE FACT
27 IS THAT, AGAIN, IF YOU SEPARATE SERVICE PROVISION, SERVICE
28 ARRANGING FROM SERVICE PRODUCTION, THAT MEANS THAT SMALL

1 MUNICIPALITIES CAN CONTRACT WITH LARGE PRIVATE ORGANIZATIONS
2 IN ORDER TO CAPTURE ECONOMIES OF SCALE FOR THOSE SERVICES
3 WHICH THERE ARE ECONOMIES OF SCALE.

4 SO PRIVATIZATION DOESN'T BECOME AN IDEOLOGICAL
5 ISSUE, IT BECOMES THE MECHANISM FOR PROVIDING, FOR GETTING A
6 PRODUCER THAT IS ABLE TO CAPTURE ECONOMIES OF SCALE.

7 MR. DLUHY: I WAS JUST GOING TO SAY, I CAN THINK OF
8 A HALF A DOZEN COMMUNITIES THROUGHOUT THE STATE OF FLORIDA --
9 I AM SURE THERE ARE MORE -- THAT ESSENTIALLY HAVE A CITY
10 MANAGER, A CITY CLERK, A CITY COUNCIL, AND THEY CONTRACT OUT
11 FOR ALL THE REST OF THEIR SERVICES.

12 THERE ARE FIRMS NOW THAT HAVE DEVELOPED, AT
13 LEAST ON THE EAST COAST, AND THOSE FIRMS WILL COME IN AND RUN
14 THE CITY FOR YOU, AND THEY WILL SUBCONTRACT, AND IN SOME CASES
15 THEY WILL CONTRACT WITH THE COUNTY POLICE TO PROVIDE 911
16 PATROL, AND SOME CASES THEY WILL GO TO A PRIVATE SECTOR FIRM
17 TO DO THE PLANNING AND ZONING WORK.

18 I THINK THE ISSUE THERE IS STILL COMMUNITY
19 CONTROL. AND THE FACT THAT THEY CONTROL THEIR TAX BASE AND
20 THAT THEY SET THE PRIORITIES AND THEN I THINK PRIVATIZATION OR
21 CONTRACTING OUT IS THE CHOICE OF THE COMMUNITY.

22 MR. NOLAN: LET ME GIVE A MINOR PLUG FOR THE REASON
23 STUDY WHICH IS GOING TO COME OUT IN A COUPLE OF MONTHS. WE DO
24 TALK ABOUT THAT A LITTLE BIT.

25 THE EVIDENCE IS NOT AS STRONG AS WE ACTUALLY
26 THOUGHT IT WOULD BE, BUT THERE IS SOME MILD EVIDENCE THAT
27 PRIVATIZATION DOES CONTRIBUTE TO INCREASED EFFICIENCIES.
28 AGAIN, THAT IS NOT PART OF THIS TALK.

1 MR. POOLE: I THINK A LOT OF WHAT I WOULD SAY HAS
2 ALREADY BEEN SAID, BUT CLEARLY THE WHOLE KEY TO MAKING A MORE
3 SMALLER SCALE ARRANGEMENT FOR PUBLIC SERVICES WORK IS THE
4 ABILITY OF THOSE MAKING THE PROVISION DECISION, WHETHER IT BE
5 A BOROUGH, COUNCIL, OR A NEIGHBORHOOD ASSOCIATION OR A
6 BUSINESS IMPROVEMENT DISTRICT, TO BE ABLE TO GO OUT AND SELECT
7 THE PROVIDER FOR EACH PARTICULAR SERVICE THAT OFFERS THE BEST
8 VALUE FOR THE MONEY, JUST EXACTLY AS EVERY PRIVATE BUSINESS
9 DOES.

10 AND SO WE NEED TO LOOK FOR GOVERNANCE
11 ARRANGEMENTS THAT MAKE THAT OPPORTUNITY AVAILABLE. WE HAVE
12 SIGNALLY FAILED TO DO THAT IN OUR LARGE CENTRALIZED CITIES
13 LIKE LOS ANGELES, AND THAT IS WHY THE RESULTS THAT THE
14 FORTHCOMING RPPI STUDY FINDS AND A LOT OF OTHERS SHOW VERY
15 HIGH SERVICE COSTS FOR LARGE CENTRALIZED CITIES. IT IS
16 BECAUSE THIS CHOICE MECHANISM IS SIMPLY NOT BEING TAKEN
17 ADVANTAGE OF.

18 THIS AFTERNOON IN ONE OF OUR PANELS YOU WILL
19 HEAR FROM THE EXECUTIVE DIRECTOR OF THE CALIFORNIA CONTRACT
20 CITIES ASSOCIATION. AND, AS IN FLORIDA, WE HAVE EXTENSIVE
21 CONTRACTING FOR SERVICES BY SMALLER CALIFORNIA CITIES. SOME
22 OF THEM ALSO HAVE A CITY MANAGER, A CITY COUNCIL, AND NOT MUCH
23 ELSE. THIS IS BOTH INTERGOVERNMENTAL CONTRACTING AS WELL AS
24 PRIVATE CONTRACTING, DEPENDING ON THE SERVICE OF WHO IS
25 AVAILABLE TO PROVIDE THAT SERVICE.

26 SO IT IS A TREMENDOUSLY FLEXIBLE TOOL,
27 SOMETHING THAT IS TOTALLY NONIDEOLOGICAL. IT'S SIMPLY A CASE
28 OF HAVING THE CHOICES AVAILABLE AND MAKING A BEST VALUE

1 COMPARISON FOR EACH AND EVERY FUNCTION THAT NEEDS TO BE
2 PERFORMED.

3 MR. DLUHY: CAN I ASK YOU A QUESTION? IN THE SAN
4 FERNANDO VALLEY IF TOMORROW YOU HAD TO GO OUT AND DIVIDE IT UP
5 INTO EITHER DISTRICT COUNCILS OR INTO MUNICIPALITIES, HAVE YOU
6 DONE THE WORK OF WHAT THOSE WOULD BE AND WHAT THE SIZES WOULD
7 BE?

8 MR. ACKERMAN: IT ALREADY EXISTS.

9 MR. POOLE: THERE ARE DOZENS OF KNOWN
10 NEIGHBORHOODS: SHERMAN OAKS, WOODLAND HILLS, ET CETERA, ET
11 CETERA. THERE ARE DOZENS OF THESE THAT HAVE WELL DEFINED
12 IDENTITIES. SO THAT WOULD BE ONE POSSIBLE STARTING POINT.

13 MR. DLUHY: BECAUSE DOWN IN FLORIDA IT IS EXACTLY
14 THE SAME THING. THEY WANT TO DO THAT AND DO IT IN 10 YEARS,
15 THEY WANT TO GET OUT OF THE BUSINESS. BUT THEY ARE HAVING
16 TROUBLE WITH THE BOUNDARIES BECAUSE THE BOUNDARIES ARE NOT ALL
17 REVENUE NEUTRAL, THAT IS, SOME OF THE COMMUNITIES ARE REALLY
18 GOING TO CHERRY PICK AND OTHERS DON'T, FRANKLY. AND SO THERE
19 IS THAT ARGUMENT ABOUT DOING NO HARM THAT I THINK COMES INTO
20 IT.

21 I JUST WONDER WHETHER YOU HAD DONE ANY OF THE
22 WORK TO FIGURE OUT WHAT THOSE BOUNDARIES WOULD BE, EITHER FOR
23 THE DISTRICT COUNCILS OR MUNICIPALITIES.

24 MR. FLEMING: THAT IS REALLY A WORK IN PROGRESS, AS
25 I UNDERSTAND. SOME PEOPLE ARE WORKING ON THIS IN CONJUNCTION
26 WITH LAFCO AND WITH SEVERAL GROUPS THAT ARE STUDYING IT,
27 EXPERTS STUDYING IT, BUT IT IS STILL IN PROGRESS. IT HASN'T
28 BEEN COMPLETED YET.

1 ONE OF THE THINGS YOU MIGHT MENTION WITH REGARD
2 TO CITY COSTS, AS WE KNOW NOW, THE CITY OF LOS ANGELES HAS
3 ABOUT FOUR MILLION PEOPLE. THE CITY'S BUDGET IS FOUR BILLION
4 DOLLARS A YEAR. THAT IS A THOUSAND DOLLARS FOR EVERY MAN,
5 WOMAN, AND CHILD LIVING IN THE CITY OF LOS ANGELES.

6 I WONDER HOW THAT COMPARES WITH OTHER CITIES IN
7 THE UNITED STATES.

8 MR. DLUHY: THAT IS DOUBLE WHAT IT IS IN DADE
9 COUNTY.

10 MR. SCOTT: LET ME GIVE THE CONCLUDING COMMENT TO
11 LARRY CALEMINE WHO HEADS UP LAFCO.

12 MR. CALEMINE: IN ANSWER TO YOUR PREVIOUS QUESTION,
13 HOW WOULD THE VALLEY BE BROKEN UP, THE STATE LEGISLATURE HAS
14 RECENTLY PASSED A BILL AND MANDATES THAT IF THE VALLEY WANTS
15 TO SEPARATE FROM THE CITY OF LOS ANGELES, THAT LAFCO LOCAL
16 AGENCY FORMATION COMMISSION WOULD SET DISTRICT BOUNDARIES FOR
17 COUNCIL REPRESENTATIVES AND NO DISTRICT WOULD REPRESENT MORE
18 THAN A HUNDRED THOUSAND PEOPLE.

19 SO WITH ABOUT A MILLION-THREE IN THE VALLEY,
20 YOU HAVE A MINIMUM OF 14 COUNCIL REPRESENTATIVES PLUS A MAYOR
21 ELECTED VALLEY WIDE. THAT IS IN ADDITION TO THE NORMAL
22 GEOGRAPHICAL COMMUNITY BREAK-OUT.

23 MR. SCOTT: WE ARE GOING TO TAKE A 15-MINUTE BREAK
24 AND THEN WE ARE GOING TO CONVENE BACK HERE FOR LUNCH.

25 WE HAVE ONE MORE MAYORAL CANDIDATE, WHO IS
26 GOING TO MAKE A BRIEF COMMENT TO US.

27 MR. SHEA: MY NAME IS JOE SHEA. YOU ARE NOT ALLOWED
28 TO READ ABOUT ME IN THE L.A. TIMES. THAT IS BECAUSE I AM THE

1 LONE PRO-SECESSION CANDIDATE ON THE BALLOT. IT WILL SAY
2 UNDERNEATH MY NAME, WHICH IS JOE, "SECESSION ADVISOR."

3 NOW, WHEN THEY TALK ABOUT EFFICIENCIES HERE
4 TODAY, WE NEED TO START THINKING ABOUT EFFICIENCIES OF
5 LEADERSHIP. HOW EFFICIENTLY CAN ANYONE LEAD A CITY THAT
6 STRETCHES ALL THE WAY 34 MILES FROM SYLMAR IN THE VALLEY, TO
7 SAN PEDRO AT THE HARBOR? HOW CAN ANYONE REALLY LEAD A CITY
8 LIKE THAT? IT CAN'T BE DONE.

9 BUT IF WE CAN HAVE FOUR NEW CITIES, HOLLYWOOD,
10 SAN PEDRO, THE SAN FERNANDO VALLEY, AND A NEW CITY OF LOS
11 ANGELES THAT WILL AMALGAMATE LEADERSHIP IN EACH ONE OF THOSE
12 CITIES AND IF WE WANT TO PRESERVE SOME EFFICIENCY, LET'S FORM
13 A REGIONAL PURCHASING AUTHORITY THAT WOULD PROVIDE FOR
14 PURCHASING FOR THOSE FOUR COMMUNITIES THAT ONCE WERE ONE.

15 AND LET'S PRIVATIZE THAT. LET'S MAKE THOSE
16 GUYS THE JUNK YARDS DOGS OF COST. LET'S BRING DOWN COSTS THAT
17 WAY.

18 ANY OF YOU HAVE BEEN UP TO SUN VALLEY, I THINK
19 YOU WILL UNDERSTAND, IF YOU GO OUT YOURSELF AND YOU BUY A
20 FENDER, YOU GET IT FOR ABOUT 50 BUCKS. BUT IF YOU GO DOWN TO
21 NETWORK AUTO BODY, YOU GETS IT FOR 1500.

22 WE HAVE GOT TO HAVE JUNK YARD DOGS AT COST, AND
23 I WILL SEND THEM OUT THERE ON BEHALF OF THE CITIES OF LOS
24 ANGELES, SAN PEDRO, HOLLYWOOD, AND THE SAN FERNANDO VALLEY.

25 PLEASE GIVE ME YOUR CONSIDERATION ON APRIL 10.
26 THANK YOU VERY MUCH.

27 MR. SCOTT: BE BACK HERE IN 15.

28 MR. FLEMING: LET ME SAY IS THIS BEFORE YOU SET UP:

1 GET LUNCH, GO BACK TO THE TABLE, AND AT LUNCH WE ARE GOING TO
2 HEAR FROM THE GENTLEMAN FROM LONDON WHO WILL BE TALKING ABOUT
3 THE LONDON BOROUGH SYSTEM. LONDON IS ABOUT MAYBE 50 PERCENT
4 LARGER THAN LOS ANGELES. SO WE ARE DEALING WITH EVEN A LARGER
5 CITY THAN L.A. AND TALKING ABOUT THE BOROUGH SYSTEM THERE. IT
6 WILL BE VERY INTERESTING.

7 THANK YOU.

8

9 (WHEREUPON THE LUNCHEON RECESS WAS TAKEN.)

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1 UNIVERSAL CITY, CALIFORNIA, MONDAY, FEBRUARY 5, 2001

2 P.M. SESSION

3 SHERATON UNIVERSAL HOTEL

4

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6

7 MR. STALEY: AT FIRST IT SEEMED A LITTLE ODD THAT
8 WE'RE HERE TALKING ABOUT LOCAL GOVERNMENT IN THE UNITED STATES
9 AND WE'RE TALKING ABOUT SUCH THINGS AS ECONOMIES OF SCALE IN
10 GOVERNMENT -- TO HAVE SOMEONE FROM AS FAR AWAY AS LONDON, THAT
11 HAS A COMPLETELY DIFFERENT SYSTEM, TO TALK TO US ABOUT LOCAL
12 GOVERNMENT.

13 I WISH I COULD SAY THAT IT WAS MY IDEA FIRST,
14 BUT IT REALLY WASN'T. WHEN I HEARD IT, I THOUGHT IT WAS A
15 GREAT IDEA.

16 AND THE REASON, FROM A PERSONAL NOTE, IS THIS.
17 ABOUT TEN YEARS AGO I HAD THE OPPORTUNITY -- MOST OF MY WORK
18 HAS BEEN DOING LOCAL GOVERNMENT IN THE UNITED STATES,
19 PLANNING, ECONOMIC DEVELOPMENT. AND THROUGH VARIOUS
20 CIRCUMSTANCES I HAD AN OPPORTUNITY TO DO SOME WORK IN HONG
21 KONG AND TO LOOK AT LAND USE PLANNING AND ITS EFFECT ON URBAN
22 DEVELOPMENT, A VERY DIFFERENT SYSTEM THAN I FIND IN THE UNITED
23 STATES.

24 AND WHAT I FOUND IN DOING MY RESEARCH AND
25 WORKING WITH THE FOLKS IN HONG KONG WAS NOT ONLY WAS THE
26 SYSTEM VERY DIFFERENT, BUT IT GAVE ME A COMPLETELY DIFFERENT
27 WAY OF LOOKING AT THE SAME PROBLEMS IN THE UNITED STATES.

28 LITERALLY, IT IS ONE OF TWO THINGS, TWO EVENTS

1 IN MY LIFE, MY PROFESSIONAL LIFE WHERE AN EXPERIENCE HAS
2 COMPLETELY CHANGED THE WAY I LOOK AT PUBLIC POLICY. IT HAS
3 COMPLETELY FRAMED THE WAY I LOOK AT SOME OF THESE PROBLEMS.

4 AND AGAIN MY FOCUS HAS ALWAYS BEING NUTS AND
5 BOLTS, HOW DO WE ACTUALLY GET THINGS DONE. AND IF YOU HAD
6 ASKED ME BEFORE I HAD BEEN TO HONG KONG, I WOULD HAVE SAID
7 "WHAT WOULD HONG KONG HAVE TO TEACH ME ABOUT LOCAL
8 GOVERNMENT?"

9 WHAT IT DOES IS IT JUST GETS US OUTSIDE THE
10 BOX. AND I THINK THAT IS ONE OF THE GREAT THINGS ABOUT HAVING
11 SOMEONE SUCH AS JEREMY SMITH COME IN IS THAT THEY DON'T HAVE
12 ALL THE BIASES THAT WE BRING TO LOCAL GOVERNMENT, AND THEY
13 REALLY GET US TO LOOK AT THINGS IN A DIFFERENT WAY AND A FRESH
14 WAY.

15 AND THE LONDON BOROUGH SYSTEM IN PARTICULAR, AS
16 I HAVE GOTTEN TO KNOW MORE ABOUT IT IN THE LAST COUPLE OF
17 WEEKS, I THINK REALLY IS THE KIND OF MODEL WE WANT TO LOOK AT,
18 NOT THAT WE ARE GOING TO IMPORT THE IDEAS, BUT TO REALLY GET
19 US TO THINK DIFFERENTLY ABOUT CITIES, HOW THEY DELIVER
20 SERVICES IN THE DIFFERENT CONTEXT IN WHICH THAT CAN HAPPEN.

21 JEREMY SMITH IS IDEALLY SUITED TO DO THIS
22 BECAUSE HE ACTUALLY WAS THE CHIEF EXECUTIVE OF A BOROUGH IN
23 THE CITY OF LONDON, SO HE WAS INVOLVED IN THE DAY-TO-DAY
24 OPERATION OF THE CITY IN A SYSTEM THAT IS VERY DIFFERENT FROM
25 THE ONE WE ARE IN HERE. AND I'LL LET JEREMY TALK ABOUT THAT.

26 BUT ALSO, AS DIRECTOR OF THE LOCAL GOVERNMENT
27 INTERNATIONAL BUREAU, HE HAS BEEN AN ADVOCATE FOR THE UNITED
28 KINGDOM LOCAL GOVERNMENT THAT IS PART OF THE EUROPEAN UNION,

1 AND SO HE HAS A BREADTH OF KNOWLEDGE OF LOCAL GOVERNMENT
2 BEYOND JUST THE UK, BUT ALSO ELSEWHERE SO HE CAN BRING SOME OF
3 THAT PERSPECTIVE.

4 SO WITH NO FURTHER ADO, LET ME LET JEREMY TAKE
5 OVER THE STAGE AND TELL US ABOUT LOCAL GOVERNMENT.

6 MR. SMITH: THANK YOU VERY MUCH, INDEED, SAM. AND
7 FIRST TO EXPRESS MY THANKS AT THE INVITATION TO COME AND SPEAK
8 TO YOU.

9 WHEN I WAS QUITE YOUNG, ONE OF MY FIRST RECORDS
10 OR DISKS, 78, WAS "LAST TRAIN TO SAN FERNANDO." I'M NOT QUITE
11 SURE WHETHER IT'S THE SAME SAN FERNANDO OR NOT, BUT CERTAINLY
12 I ALWAYS IDENTIFIED IT AS BEING HERE IN CALIFORNIA. SO IN
13 THIS KIND OF MENTAL THING I ALWAYS HAD AN IDEA THAT ONE DAY I
14 WOULD GO TO SAN FERNANDO. SO I AM REALLY DELIGHTED.

15 SECONDLY, WE ARE ACTUALLY QUITE GRATEFUL TO
16 CALIFORNIANS FOR MANY THINGS, FOR PARTS OF YOUR ENTERTAINMENT
17 INDUSTRY, NOT FOR OTHER PARTS, BUT THERE ARE A LOT OF
18 FEEL-GOOD FACTOR THAT YOU BRING TO US IN BRITAIN AND IN
19 EUROPE. AND AMONGST THAT ENTERTAINMENT, YOU KNOW, WE HAVE HAD
20 A PRETTY ROUGH TIME. WE HAVE HAD OUR RAILWAY SYSTEM COLLAPSE,
21 LIFE HAS BEEN PRETTY MISERABLE. AND THEN WE HEAR ABOUT YOUR
22 POWER CRISIS, AND WE ALL FELT ONE HELUVA LOT BETTER.

23 ONE OF MY COSPEAKERS -- I WON'T SAY WHICH
24 ONE -- SAID GIVE THEM A GEORGE BUSH JOKE. I SAID NO, I CAN'T,
25 TOTALLY UNDIPLOMATIC AND WRONG TO DO IT, SO I WON'T.

26 BUT WE ARE VERY INTERESTED IN EUROPE AND
27 BRITAIN TO HEAR HOW THINGS WILL DEVELOP. WE HAVE NOT ALWAYS
28 FOUND IT ABSOLUTELY CLEAR TO UNDERSTAND THE PRECISE MEANING OF

1 EVERY WORD, BUT THEN THERE IS AN OLD SAYING THAT WE ARE TWO
2 COUNTRIES DIVIDED BY A COMMON LANGUAGE.

3 THERE WAS ONE THING ABOUT GEORGE, ACTUALLY,
4 THAT REALLY CONFUSED US FOR QUITE A LONG TIME, AND THAT WAS
5 WHY HE HAD THIS RUSSIAN NAME. "GEORGE," THEN THERE WAS THIS
6 "DUBYA" THAT CAME OUT OF TOLSTOY OF "WAR AND PEACE" OR
7 SOMETHING. WAS THERE SOME CONNECTION? WHEN HIS FATHER WAS IN
8 OFFICE, DID HE TAKE HIM ALONG TO SEE MR. GORBACHEV AND HAVE
9 HIS HANDS LAID ON HIM OR SOMETHING? BUT THEN WE THOUGHT, NO,
10 GEORGE JUNIOR WAS A BIT OLDER THAN THAT. IT TOOK US A LONG
11 TIME TO UNDERSTAND WHAT THIS "DUBYA" REALLY STOOD FOR.

12 ANYWAY, ON TO RIGHTSIZING LOCAL GOVERNMENT. IT
13 IS REALLY A CURRENT TOPIC OF MAJOR INTEREST, NOT IN THE
14 PRECISE WAY THAT YOU ARE LOOKING AT IT HERE IN L.A. AND SAN
15 FERNANDO, BUT THAT ISSUE OF WHAT TASKS SHOULD BE PERFORMED BY
16 WHICH PART OF GOVERNMENT IS AN ABSOLUTELY UNIVERSAL ISSUE AT
17 THE MOMENT AND THEN ESPECIALLY FOR US IN EUROPE.

18 IT OBVIOUSLY RELATES TO THE PRECISE GEOGRAPHY
19 OF EACH MUNICIPALITY, EACH REGION. THERE ARE LOTS OF THINGS
20 GOING ON IN MANY COUNTRIES, WHAT COMPRISES A REGION AND WHAT
21 AREA IT SHOULD BE. BUT IT ALSO COVERS, OF COURSE, THE TASKS
22 OR COMPETENCES OF EACH LEVEL OR SPHERE OF GOVERNMENT. AND OF
23 COURSE WITHIN THAT IS A FURTHER QUESTION: WHICH TASKS AND
24 COMPETENCES ARE BEST DELIVERED BY LOCAL GOVERNMENT AND AT
25 WHICH LEVEL? HOW MUCH ARE BEST DELIVERED BY OTHERS, BY THE
26 PRIVATE SECTOR, OR, AS HAS BEEN MENTIONED, BY SOME OF THE
27 COMMUNITY SOCIETAL ORGANIZATIONS?

28 WE HAVE A SORT OF EUROPEAN CONCEPT WHICH IS

1 ACTUALLY BUILT INTO THE WORDING IN THE TREATISE SETTING UP
2 EUROPEAN UNION WHICH IS A PRINCIPLE OF SUBSIDIARITY WHICH IN
3 ESSENCE WE TAKE TO MEAN THAT SERVICES SHOULD BE DELIVERED BY
4 THE LEVEL OR SPHERE OF GOVERNMENT CLOSEST TO THE PEOPLE AS
5 APPROPRIATE FOR THAT SERVICE.

6 IN A SENSE, THAT BEGS THE QUESTION WHICH IS
7 BEST TO BE DONE BY LOCAL GOVERNMENT. BUT IT IMPLIES A VERY
8 STRONG A PRIORE VIEW THAT MORE SERVICES SHOULD BE DELIVERED
9 CLOSE TO THE CITIZEN OR AS CLOSE TO THE CITIZEN AS POSSIBLE.

10 I THINK THAT THAT IS PART OF OUR GENERAL
11 PERSPECTIVE THAT GLOBALIZATION DOES TWO THINGS. ONE, IT MAKES
12 CITIES, AND I AM GOING TO DARE USE THE WORD "REGIONS," COMPETE
13 IN THE GLOBAL ECONOMY, BRING WITH IT INVESTMENT FOR TOURISM.
14 WE ARE COMPETING WITH EACH OTHER, BUT ALSO SHARING KNOWLEDGE,
15 SHARING EXPERIENCES, LEARNING FROM EACH OTHER.

16 BUT AT THE SAME TIME, BECAUSE OF THIS FEELING
17 THAT THINGS ARE BEING TAKEN AWAY INTO THIS INTERNATIONAL RANGE
18 WHERE ECONOMIES RELATE, EVEN CITY ECONOMIES RELATE
19 INTERNATIONALLY, THAT CITIZENS CAN FEEL MORE AND MORE DISTANT
20 FROM THE PROCESS.

21 SO AGAIN IT COMES BACK, EVEN WITHIN THE
22 GLOBALIZATION PROCESS, THE NEED FOR A CLOSE CONNECTION BETWEEN
23 CITIZENS AND THEIR LOCAL GOVERNMENTS.

24 YOU HAVE KINDLY INVITED ME HERE TO TRY AND
25 EXPLAIN A LITTLE ABOUT THE LONDON EXPERIENCE. I SHOULD SAY
26 THAT CERTAINLY THERE IS A GREAT INTEREST IN AMERICAN
27 EXPERIENCE, ALTHOUGH IT'S REALLY DIVERSE BECAUSE OF THE STATES
28 HAVING DIFFERENT SYSTEMS, AND OUR OWN GOVERNMENT HAS SHOWN A

1 GREAT INTEREST IN THE AMERICAN AS WELL AS THE EUROPEAN
2 EXPERIENCE IN PARTICULAR IN LOOKING AT INTRODUCING FORMS OF
3 STRONGER MAYORS WHICH MAY NOT BE THE DIRECTION ALL OF YOU WANT
4 TO GO IN, BUT IT IS THE DIRECTION THAT IS BEING LOOKED AT, AS
5 I WILL EXPLAIN SHORTLY.

6 THEY ALSO LOOKED AT EUROPEAN CITIES LIKE
7 BARCELONA WHICH HAVE BEEN VERY MUCH IN THE LINE OF CITIES
8 TRYING TO PLACE THEMSELVES ON THE MAP IN TERMS OF WORLD
9 ECONOMY AND WHICH HAVE PROVED VERY SUCCESSFUL.

10 SO WE LOOK AS A PERSON WHO HAS ALWAYS TOWARDS
11 THE UNITED STATES, TOWARDS EUROPE. THAT IS PART OF THE REASON
12 WHY WE FIND IT DIFFICULT TO JUMP DECISIVELY IN RELATION TO THE
13 EUROPEAN UNION ISSUES.

14 BUT OF COURSE, AS HAS BEEN SAID IN THE
15 INTRODUCTION, THERE IS NO MODEL THAT IS ABSOLUTELY RIGHT TO BE
16 TRANSPORTED FROM ONE COUNTRY TO ANOTHER, BUT IT IS VERY
17 USEFUL, I FIND ALWAYS, TO LEARN HOW OTHERS DO IT SO YOU CAN
18 REFLECT, AS I SAID, BUT CERTAINLY I HAVE ABSOLUTELY THE
19 CLEAREST VIEW THAT THERE IS A DIFFERENCE IN HISTORY AND
20 CULTURE FROM LONDON TO L.A. THAT MEANS WHATEVER THE MERITS,
21 ONE COULD NOT SIMPLY IMPORT THE SYSTEM.

22 HOWEVER, I DO BELIEVE THIS IS A GENERAL ISSUE,
23 THE ISSUE OF HOW LARGE CITIES ARE GOVERNED AND HOW FAR THEY
24 CAN DECENTRALIZE, IS AN IMPORTANT ONE TO CONSIDER.

25 LONDON AND LOS ANGELES AND SAN FERNANDO, TWO
26 MAJOR WORLD CITIES, BOTH COSMOPOLITAN, BOTH WITH FAST CHANGING
27 ECONOMIES, AND BOTH -- I THINK THIS IS ONE OF THE CRITICAL
28 THINGS -- COVERING A LARGE LAND MASS.

1 LONDON ACTUALLY COVERS A LARGER LAND MASS THAN
2 LOS ANGELES AS IT IS TODAY. IT IS NEARLY 700 SQUARE MILES,
3 GREATER LONDON. WE HAVE A POPULATION OF ABOUT 7.2 MILLION
4 PEOPLE TODAY. IT'S INTERESTING JUST TO NOTE BECAUSE PART OF
5 THE REASON WHY YOU CAN'T JUST COPY THINGS IS HISTORY ALWAYS
6 COMES THROUGH.

7 IN 1890 LOS ANGELES, I READ, HAD A
8 POPULATION -- THIS IS THE CITY, NOT COUNTY -- OF ABOUT 50,000,
9 I THINK. AND LONDON AT THAT TIME HAD A POPULATION IN INNER
10 LONDON OF 4.2 MILLION.

11 IN 1930 LOS ANGELES WAS 2.2 MILLION AND LONDON
12 WAS STILL AROUND 4.4 MILLION. SO YOU HAVE HAD A SORT OF
13 GROWTH CURVE WHICH IS VERY DIFFERENT FROM LONDON'S POSITION,
14 AND IT LEADS TO DIFFERENT CONCLUSIONS.

15 INTERESTINGLY, AS I WILL GO IN A MINUTE, LONDON
16 HAS BEEN REORGANIZED MANY TIMES. I WAS QUITE SURPRISED TO
17 HEAR THAT REALLY NO SUBSTANTIAL CHANGES IN GOVERNMENT OR
18 GOVERNANCE OF THE CITY HAVE TAKEN PLACE OVER A LONG PERIOD. I
19 AM NOT SAYING IT SHOULD BE HAVE BEEN, BUT IT'S STILL
20 SURPRISING.

21 BUT LIKE ALL CITIES, THOUGH, IT'S A QUESTION
22 THERE IS NO -- OR THERE IS USUALLY NO SINGLE WAY OF DEFINING A
23 CITY. AND LONDON IS CERTAINLY -- THAT IS TRUE OF LONDON.

24 YOU CAN CONSIDER WHAT IS LONDON IN FOUR WAYS.
25 BUT ONE I AM GOING TO JUST SAY IT AND THEN PUT ASIDE BECAUSE
26 IT'S LONDON AND IT'S SOUTHEAST ENGLAND CATCHMENT AREA, WHICH
27 IS PROBABLY TOO BIG AN AREA, THOUGH IT HAS AN ECONOMIC REALITY
28 TO IT, INCLUDING MANY DORMITORY TOWNS, BUT IT IS CERTAINLY NOT

1 AN ADMINISTRATIVE UNIT IN ANY SENSE AND IS TREATED DIFFERENTLY
2 IN REGIONAL DEVELOPMENT TERMS.

3 WE THEN HAVE GREATER LONDON, WHICH IS THE
4 CURRENT BOUNDARIES OF LONDON IN ADMINISTRATIVE TERMS AND
5 ACTUALLY HAS BEEN SO SINCE -- ALMOST IDENTICAL BOUNDARIES
6 SINCE 1829 WHEN THE METROPOLITAN POLICE WAS FIRST FORMED. WE
7 STILL TODAY USE BOUNDARIES FROM ROUGHLY 1829, WHICH ARE NOT
8 BAD BOUNDARIES FOR GREATER LONDON, BUT THEY CERTAINLY HAVE A
9 HISTORY.

10 THERE IS THEN AN INNER LONDON WHICH NO LONGER
11 MEANS ANYTHING, BUT DID IN HISTORY, WHICH IS THE BUILT-UP AREA
12 IN THE MID 19TH CENTURY.

13 AND LASTLY, AND VERY IMPORTANTLY, WE STILL HAVE
14 ANOTHER LONDON, WHICH IS THE CITY OF LONDON, WHICH IS THE
15 FINANCIAL CENTER, THE ONE-SQUARE-MILE WHICH RETAINS TO THIS
16 DAY ITS OWN SEPARATE GOVERNMENT, ITS GOVERNANCE, ITS OWN
17 POLICE FORCE, AND REMAINS OUTSIDE THE REST OF THE CITY
18 GOVERNMENT. IT RELATES QUITE CLOSELY TO IT AND PLAYS
19 GENERALLY A COOPERATIVE ROLE, BUT HAS MANAGED THROUGH THE
20 FORCE OF ITS HISTORY AND ITS FINANCIAL CLOUT TO REMAIN AN
21 INDEPENDENT PART OF THE POLITY.

22 I THOUGHT I WOULD DO A SORT OF THREE-MINUTE RUN
23 THROUGH THE HISTORY JUST TO SEE HOW WE GOT TO WHERE WE ARE.
24 THERE USED TO BE A LITTLE COMIC THEATER GROUP NAMED THE
25 NATIONAL THEATER OF BRENT, I THINK THEY WERE CALLED, WHO COULD
26 DO THE COMPLETE WORKS OF SHAKESPEARE IN 45 MINUTES, I THINK IT
27 WAS.

28 IN ESSENCE, WE HAD THE OLD CITY, WHICH IS

1 TODAY'S FINANCIAL CENTER, WHICH WAS THEN -- HAD A POPULATION
2 AND WHICH WAS THE ORIGINAL LONDON. AND THE KING LIVED NEXT
3 DOOR IN ANOTHER CITY, WESTMINSTER. SO THE OLD CITY WAS VERY,
4 VERY SMALL, INDEED. THE OTHER PARTS OF LONDON WERE VILLAGES
5 AND THEN BECAME SUBURBS, AND THERE WAS OBVIOUSLY SOME LINKING
6 UP IN TERMS OF DEVELOPMENT.

7 WE HAD VIRTUALLY NO LOCAL GOVERNMENT UNTIL THE
8 19TH CENTURY. LONDON WAS IN MANY WAYS A VERY EXCITING CITY, A
9 DYNAMIC ONE, OBVIOUSLY IN SOME RESPECTS A PROSPEROUS ONE.
10 ACTUALLY IT WAS QUITE A LETHAL ONE BECAUSE THINGS LIKE CHOLERA
11 AND OTHER KILLERS, DUE TO HAVING NO LOCAL GOVERNMENT, MEANT
12 THAT RICH AND POOR ALIKE, MORE THE POOR THAN RICH, THAT TENDED
13 TO DIE OF DISEASES. IT WAS A PRETTY UNSAFE CITY.

14 IN 1829, AS I INDICATED, A POLICE FORCE WAS SET
15 UP USING VERY EXPANDED BOUNDARIES THAT ARE TODAY GREATER
16 LONDON. IT WAS ONLY IN 1855, ALREADY WITH POPULATION OF 2.8
17 MILLION, THAT THE FIRST FORM OF LOCAL GOVERNMENT CALLED THE
18 METROPOLITAN BOARD OF WORKS WAS ESTABLISHED, AND THAT HAD
19 MAINLY INFRASTRUCTURE AS ITS FUNCTION.

20 THE FIRST SLIGHTLY WIDER FORM OF LOCAL
21 GOVERNMENT WAS IN 1888 WHEN THE LONDON COUNTY COUNCIL WAS
22 FORMED USING THE INNER LONDON BOUNDARIES, WHICH ARE 13 OF
23 TODAY'S BOROUGHES. THAT HAD A POPULATION, AS I INDICATED
24 EARLIER, OF JUST OVER FOUR MILLION PEOPLE AT THAT TIME.

25 IN FACT, IN LATER YEARS THE POPULATION OF THAT
26 INNER PART OF LONDON DECLINED FURTHER TO ABOUT TWO OR TWO AND
27 A HALF MILLION.

28 AND IN 1899, SO WE ARE STILL IN HISTORY, THERE

1 WAS A SET OF METROPOLITAN BOROUGHES WHICH ARE NOT THE SAME AS
2 THE ONES TODAY, IN FACT THEY WERE SMALLER ONES; THEY COVERED A
3 SMALLER AREA. THEY ARE PROBABLY NOT A SMALLER POPULATION
4 BECAUSE OF THE DENSITY OF POPULATION IN THE INNER CITY AT THAT
5 TIME, AND THOUGH THEIR POWERS WERE RELATIVELY MODEST.

6 IT WAS REALLY IN 1963 THAT ANYTHING APPROACHING
7 THE MODERN FORM OF LOCAL GOVERNMENT IN LONDON WAS SET UP
8 BECAUSE FOLLOWING THE ROYAL COMMISSION TO LOOK INTO HOW LONDON
9 SHOULD BE GOVERNED, THEY SET UP OF A SORT OF A REGIONAL
10 GOVERNMENT, THE GREATER LONDON COUNCIL, COVERING THE WHOLE OF
11 GREATER LONDON AND THE 32 BOROUGHES WHICH ARE TODAY'S BOROUGH
12 COUNCILS, WHICH SAM HAS REFERRED TO. THAT CAME IN -- THAT NEW
13 SYSTEM CAME INTO BEING IN 1965.

14 UNDER THAT SYSTEM THE GREATER LONDON COUNCIL
15 HAD AN UNEASY MIX OF WHAT I THINK MIGHT BE CALLED REGIONAL AND
16 STRATEGIC FUNCTIONS AND SOME HANDS-ON OPERATIONAL ONES. FOR
17 EXAMPLE, IT STILL HAD QUITE A LOT OF THE HOUSING STOCK OF THE
18 OLD LONDON COUNTY COUNCIL. IT STILL RAN A FAST SERVICE, AND
19 IT RAN THE EDUCATION SERVICE FOR PRIMARY, SECONDARY, AND ADULT
20 EDUCATION IN INNER LONDON, BUT NOT OUTER LONDON.

21 WHAT HAPPENED TO CREATE THE BOROUGHES WAS
22 ACTUALLY THEY MERGED SOME OF THE OLDER BOROUGHES IN INNER
23 LONDON, THE SMALL ONES, TO CREATE THE CURRENT ONES.

24 SO THE LONDON BOROUGH OF CAMDEN AT THE TIME WAS
25 THE CITY MANAGER OR CHIEF EXECUTIVE FOR OVER SIX YEARS AND WAS
26 MADE OUT OF THREE OLD BOROUGHES, HAMPSTEAD, ST PANCRAS, AND
27 HOLBORN WHICH WERE -- STILL HAD, EVEN MANY YEARS LATER, A LOT
28 OF PEOPLE FEELING A SENSE OF IDENTITY, AN ATTACHMENT TO THOSE

1 SMALLER AREAS. ONE OF THE INTERESTING QUESTIONS COULD BE
2 WHETHER THOSE IDENTITIES ARE STILL STRONG ENOUGH TO MERIT ANY
3 FURTHER DECENTRALIZATION.

4 THE GLC, THE GREATER LONDON COUNCIL, HAD MAJOR
5 PLANNING POWERS. THEY PRODUCED THE GREATER LONDON DEVELOPMENT
6 PLAN, WHICH WAS INFAMOUS BECAUSE IT PROPOSED TO PUT A MAJOR
7 FREEWAY, OR MOTORWAY SYSTEM, AS WE CALL IT, FOUR-LANE OR
8 SIX-LANE HIGHWAYS, THROUGH A LOT OF LONDON WHERE THERE WAS
9 EXISTING HOUSING. THIS CAUSED ENORMOUS OPPOSITION AND WAS
10 EVENTUALLY REJECTED.

11 SO EVEN IN ITS STRATEGIC FUNCTIONS IT WAS NOT
12 ALWAYS POPULAR. HOWEVER, IN 1986 THE GREATER LONDON COUNCIL
13 WAS ABOLISHED, AND A PART OF IT WHICH DID SURVIVE PROVIDING
14 EDUCATION IN INNER LONDON WAS ALSO ABOLISHED IN 1990. AND
15 THAT MEANT THAT FROM THEN ON, THE BOROUGHES, THE 32 BOROUGHES,
16 TOOK ON MORE POWERS.

17 AND I WILL JUST RUN THROUGH THE SORT OF
18 PORTFOLIO OF SERVICES. BEFORE I DO SO, I THINK IT IS
19 IMPORTANT TO NOTE THE BRITISH CONTEXT WITH ITS MANY SERVICES,
20 SUCH AS WATER, ELECTRICITY, GAS, AND SO ON WERE PRIVATIZED,
21 HAVING BEEN NATIONALIZED EARLIER, WERE LATER PRIVATIZED SO
22 THAT LOCAL GOVERNMENT, IN FACT SINCE THE LATE 1940S, HAS NOT
23 BEEN INVOLVED IN THOSE SERVICES.

24 SO THE MAIN SERVICES THAT ARE PROVIDED BY THE
25 BOROUGHES ARE THESE: EDUCATION, WHICH THEY TOOK ON IN 1990,
26 AND THAT ACTUALLY ADDED ABOUT 50 PERCENT TO THE BUDGETS. THAT
27 IS PRIMARY AND SECONDARY EDUCATION, NOT FURTHER AND HIGHER
28 EDUCATION. A WIDE RANGE OF SOCIAL SERVICES, HOUSING, OR

1 SOCIAL HOUSING, THAT IS TO SAY, PLANNING. THE LOCAL
2 AUTHORITIES IN LONDON DO THEIR OWN UNITARY DEVELOPMENT PLANS
3 WITHIN THE FRAMEWORK OF STRATEGIC GUIDANCE GIVEN BY THE
4 MINISTER AND, FROM NOW ON, THROUGH THE NEW GREATER LONDON
5 AUTHORITY.

6 THEY DELIVER LOCAL ECONOMIC DEVELOPMENT AND
7 REGENERATION PROGRAMS. THEY DELIVER A FAIRLY WIDE RANGE OF
8 ENVIRONMENTAL SERVICES: WASTE COLLECTION; RECYCLING; WASTE
9 DISPOSAL, WHICH IS DONE ON A JOINT BOROUGH BASIS;
10 ENVIRONMENTAL HEALTH; AND A VARIETY OF REGULATORY POWERS.

11 SOME TRANSPORT AND HIGHWAYS, NOT THE MAJOR
12 NATIONAL ONES, BUT ALL THE LOCAL ROADS, ABOUT 95 PERCENT OF
13 THEM, INCLUDING PARKING, PATROL, AND ALL THOSE SORTS OF
14 SERVICES. AND A RANGE OF LEISURE AND INFORMATION SERVICES,
15 ORDINARY LEISURE SERVICES, RECREATION, LIBRARY, WELFARE,
16 ADVICE SERVICES, AND A RANGE OF OTHERS.

17 OF THESE, THE EDUCATION AND SOCIAL SERVICES ARE
18 BY FAR THE MOST COSTLY, SOCIAL SERVICES BEING ACTUALLY QUITE A
19 WIDE RANGE PORTFOLIO OF SERVICES FOR THOSE WITH SPECIAL
20 NEEDS.

21 I THOUGHT AT THIS POINT THAT I WOULD JUST SAY A
22 BIT TO GIVE A BIT MORE LIFE TO THIS ABOUT THE BOROUGH I WAS
23 INVOLVED WITH, CAMDEN, AND THE SORT OF ISSUES WE HAD TO DEAL
24 WITH.

25 CAMDEN IS PART OF INNER LONDON. IT IS FAIRLY
26 LONG AND THIN IN SHAPE, AND IT IS NORTH OF THE RIVER, AND IT
27 TOUCHES ONTO THE CITY, BUT THEN GOES UP NORTH TO PART OF
28 LONDON CALLED HAMPSTEAD HEATH, WHICH IS A BIG GREEN AREA WITH

1 A LOT OF VERY, ACTUALLY QUITE RICH RESIDENTIAL AREA.

2 IT IS A VERY DIVERSE BOROUGH, INDEED. IT HAS
3 TODAY ABOUT 193,000 PEOPLE LIVING IN IT, WHICH IS ACTUALLY AN
4 INCREASE IN THE LAST FEW YEARS SINCE I WAS THERE, WHICH IS
5 QUITE AN INTERESTING THING THAT PEOPLE STARTED TO COME BACK
6 INTO CENTRAL LONDON ON A LARGER SCALE.

7 IT HAS THE SOME OF THE POOREST AND SOME OF THE
8 RICHEST WARDS. A WARD IS AN ELECTORAL DISTRICT, ROUGHLY 8,000
9 POPULATION. ON A NATIONAL BASIS, IT HAS SOME OF THE RICHEST
10 AND SOME OF THE POOREST CONTAINED WITHIN IT, ALMOST NEXT DOOR
11 TO EACH OTHER. SO IT IS VERY DIVERSE AND VERY SIDE-BY-SIDE
12 DIVERSE.

13 IT IS ALSO A LARGE PART OF LONDON'S ECONOMY.
14 THERE ARE SOME 21,000 BUSINESSES EMPLOYING 224,000 PEOPLE. SO
15 IT HAS MORE PEOPLE EMPLOYED IN IT THAN IT HAS LIVING IN IT BY
16 A CONSIDERABLE MARGIN.

17 MOST OF THESE ARE BUSINESS AND PROFESSIONAL
18 SERVICES AND FINANCIAL SERVICES. IT HAS A MODEST RESIDUE OF
19 MANUFACTURING LEFT OVER. BUT, LIKE HERE AND ELSEWHERE, THE
20 MANUFACTURING INDUSTRY HAS, OF COURSE, LARGELY DISAPPEARED.

21 IT IS FULL OF LEISURE PLACES, ARTISTIC PLACES.
22 IT HAS THE BRITISH MUSEUM, FOR THOSE OF YOU WHO KNOW LONDON,
23 IN THE SOUTH PART OF THE BOROUGH.

24 AND ITS POPULATION IS ABOUT 20 PERCENT
25 NONWHITE, BUT THERE IS ESTIMATED TO BE MORE THAN A HUNDRED
26 DIFFERENT LANGUAGES SPOKEN IN CAMDEN SCHOOLS. SO WHILE IT'S
27 NOT A HUGE NONWHITE POPULATION, IT'S VERY, VERY DIVERSE.
28 PEOPLE COME FROM ALL OVER THE WORLD, FROM MANY, MANY DIFFERENT

1 COUNTRIES. SO WE HAVE NO SINGLE LARGE ETHNIC MINORITY
2 COMMUNITY, BUT THOSE FROM BANGLA DESH IS PROBABLY THE LARGEST
3 ONE. IT IS A NUMBER FROM ALL OVER THE WORLD WHICH CREATES AN
4 INTERESTING DIVERSE POPULATION TO WORK WITH.

5 WHAT DID WE HAVE TO DO IN THOSE DAYS? IN FACT,
6 BECAUSE THERE HAS BEEN A CHANGE IN FINANCING SYSTEM, CAMDEN,
7 WHICH CHANGED OVER FROM A PROPERTY RATE WHICH WAS ON PEOPLE'S
8 HOUSES BUT ALSO ON BUSINESSES, THAT BUSINESS RATE WAS
9 NATIONALIZED JUST BEFORE I BECAME CHIEF EXECUTIVE. THAT MEANT
10 THE FUNDS AVAILABLE TO THIS AUTHORITY, WHICH WAS TRADITIONALLY
11 A HIGH SPENDING AUTHORITY, WERE REDUCED. THAT MEANT WE HAD
12 SEVERAL YEARS OF VERY, VERY TOUGH BUDGETS IN ORDER TO GET BACK
13 INTO A NEW SHAPE.

14 AND EACH YEAR WE USED TO TAKE OUT ABOUT 10
15 PERCENT OF OUR BUDGET. THE STAFF I INHERITED WHEN I WENT
16 THERE I THINK WERE 12,000, INCLUDING TEACHING STAFF, AND THIS
17 CAME DOWN TO ABOUT UNDER 9,000, I THINK, BY THE TIME I LEFT.

18 THAT WAS DONE IN TWO WAYS, FIRST BY THE
19 PRIVATIZATION OF CONTRACTING OUT OF SERVICES, AND SECONDLY BY
20 REDUCING STAFF DELIVERING THE RAFT OF SERVICES.

21 I THINK IT'S -- WHEN I TALK TO EUROPEAN
22 COLLEAGUES, THEY ARE ABSOLUTELY AMAZED AND/OR APPALLED AT THE
23 SCALE OF THAT OVER A SMALL NUMBER OF YEARS.

24 MY VIEW IS THAT WE WERE ABLE TO IMPROVE OUR
25 ADMINISTRATION AND THAT WE DID MAKE SOME REAL REDUCTIONS IN
26 SERVICE LEVEL. THOSE REDUCTIONS WERE CERTAINLY FAR LESS THAN
27 THE PERCENTAGES BY WHICH THE COSTS IN THE WORK FORCE WERE
28 REDUCED.

1 WE ALSO HAD MAJOR LABOR RELATIONS ISSUES AT THE
2 START. IT WAS A HEAVILY UNIONIZED WORK PLACE AND USED TO
3 QUITE A FEW DISPUTES.

4 WE HAD ONE MAJOR ONE WHEN OUR SOCIAL WORKERS
5 WALKED OUT, WHICH CHANGED THE WHOLE CLIMATE. THEY STAYED OUT
6 ON STRIKE FOR A YEAR. AND WE ADVISED FROM THE START, YOU
7 EITHER GIVE IN AT THE START, OR YOU WILL YOU SEE IT THROUGH TO
8 THE END, AND OUR COUNCILORS DECIDED TO SEE IT THROUGH TO THE
9 END, WHICH THEY DID. AND ALTHOUGH IT'S NOT A HUGE NUMBER OF
10 STAFF, IT TOTALLY CHANGED THE CLIMATE OF LABOR RELATIONS
11 BECAUSE ON THAT OCCASION THE MANAGEMENT DID WIN THAT
12 PARTICULAR DISPUTE.

13 IT WAS AN IMPORTANT -- IT'S REMAINED REASONABLY
14 UNIONIZED PLACE, BUT NOT IN THE SAME WAY AS I HAVE HEARD SOME
15 ISSUES TODAY.

16 THE OTHER BIG ISSUE WE FACED WAS REGENERATION.
17 AT THAT TIME THE ECONOMY WAS NOT DOING BRILLIANTLY. THE
18 UNEMPLOYMENT RATE TO DATE IS ABOUT SEVEN PERCENT, WHICH WAS
19 ABOUT 13 PERCENT AT THAT TIME, AND NEEDED A LOT OF WORK.

20 THERE ARE NATIONAL PROGRAMS FOR REGENERATION
21 FROM NATIONAL GOVERNMENT WHICH YOU HAVE TO DO IN PARTNERSHIP
22 WITH THEM. AND ONE OF THE BIG ONES WAS AROUND THE KING'S
23 CROSS AREA, WHICH IS THE STATION AREA WHICH IS DUE IN DUE
24 COURSE TO BRING IN THE CHUNNEL TUNNEL RAIL-LINK WHICH GOES
25 UNDER THE ENGLISH CHANNEL TO FRANCE. SO IT'S THE PARIS-LONDON
26 LINK-UP, GOES INTO SOUTH LONDON, IT'S DUE TO COME IN.

27 THERE IS A HUGE AREA, VERY POOR AREA AND FULL
28 OF MAJOR PROBLEMS OF DRUG DEALING AND OTHER THINGS. SO IT WAS

1 AN INTEGRATED REGENERATION PROGRAM WHICH WE HAVE PUT TOGETHER
2 AND GOT THE MONEY THE LAST FEW DAYS I WAS THERE. WE FINALLY
3 GOT THE MONEY FOR THAT.

4 SO THAT IS JUST A FEW OF THE ISSUES THAT A
5 LONDON CHIEF EXECUTIVE DEALS WITH.

6 I MENTIONED THE FINANCE SYSTEM BECAUSE IT IS
7 VERY DIFFERENT. WE HAD MUCH LESS CONTROL OVER FINANCE, AND
8 STILL DO, THAN I THINK AMERICAN LOCAL GOVERNMENTS DO.

9 BEFORE 1990 WE HAD A SYSTEM, AS I SAID, OF
10 PROPERTY RATES, AND THAT BROUGHT IN ABOUT HALF OF LOCAL
11 GOVERNMENT'S MONEY, SO THEY HAD QUITE A LOT OF CONTROL OVER
12 IT, AND THE REST WAS THROUGH GOVERNMENT GRANT.

13 BUT, IN THAT YEAR, THERE WAS A CHANGE OVER TO
14 THE ILL-FATED POLE TAX SYSTEM WHICH TRIED TO LEVY THE SAME
15 AMOUNT OF MONEY FROM ALL CITIZENS AND PROVED ADMINISTRATIVELY
16 IMPOSSIBLE.

17 WE HAD AN AREA OF A LARGE NUMBER OF STUDENTS
18 AND SO ON. THEY WERE ALWAYS MOVING ABOUT SO YOU COULD NEVER
19 KEEP UP WITH WHERE THEY WERE. THERE WAS A HUGE ORGANIZED
20 NON-PAYMENT. IT WAS A TOTALLY CHAOTIC SYSTEM.

21 THEY WERE MUCH BETTER AT ESCAPING. I THINK
22 BUSINESSES TEND TO HAVE A KIND OF FISCAL BASE THAT YOU CAN GET
23 ON WITH, STUDENTS RUNNING AND RUNNING AROUND THE BOROUGH. IT
24 WAS A NIGHTMARE.

25 EVENTUALLY THE SYSTEM WAS CHANGED A FEW YEARS
26 LATER TO WHAT IS NOW CALLED COUNCIL TAX, WHICH IS ACTUALLY A
27 PROPERTY TAX ON DOMESTIC DWELLINGS WHICH IS GRADED ACCORDING
28 TO THE VALUE OF THE DWELLING. I DON'T THINK WE HAVE HAD

1 REVALUATION SO ONE ALWAYS GETS TO THOSE PROBLEMS OF WHEN ARE
2 YOU GOING TO REVALUE.

3 BUT ESSENTIALLY THERE ARE EIGHT GRADATIONS, SO
4 YOU CAN -- DEPENDING ON HOW YOUR PROPERTY WAS VALUED A FEW
5 YEARS AGO. AND THIS AT LAST PROVIDES A RELATIVELY STABLE FORM
6 OF INCOME.

7 THE DOWNSIDE IS THAT IT ONLY PROVIDES TODAY
8 ABOUT 25 PERCENT OF OUR INCOME. THE REST COMES THROUGH THIS
9 NATIONALIZED BUSINESS RATE SYSTEM. SO THE RATE OF OUR TAX IS
10 SET BY NATIONAL GOVERNMENT, NO LONGER BY LOCAL GOVERNMENT, AND
11 THE REST IS IN THE FORM OF A REVENUE SUPPORT GRANT OUT OF
12 CENTRAL TAXATION, INCOME TAX, ET CETERA, WHICH IS ACROSS THE
13 WHOLE COUNTRY, NOT JUST IN LONDON, IS DISTRIBUTED ACCORDING TO
14 A FORMULA WHICH PURPORTS TO ASSESS THE AMOUNT THAT EACH
15 AUTHORITY WOULD NEED TO SPEND AT A STANDARD LEVEL.

16 THE ASSESSMENT OF THIS SYSTEM OF HAVING
17 BOROUGHES ONLY, I THINK THE POSITIVE SIDE WAS THAT THERE WAS
18 LESS CONFUSION AS TO WHO DOES WHAT IN LOCAL GOVERNMENT.

19 THERE WAS NO DIFFERENCES BETWEEN TWO LEVELS.
20 SERVICES MORE LOCALLY DELIVERED WERE ON AVERAGE BETTER
21 DELIVERED. I SAY ON AVERAGE BECAUSE THERE WERE MANY CASES
22 WHERE THEY WERE NOT.

23 THE TAKING ON OF EDUCATION WAS LARGELY A
24 SUCCESS. NOT TRUE IN TWO OF THE BOROUGHES WHERE THERE HAS BEEN
25 MAJOR PROBLEMS IN EDUCATION, BUT IN MOST OF THEM WAS A
26 SUCCESS.

27 THE SYSTEM WAS PROBABLY CHEAPER, BUT THAT WAS
28 PARTLY BECAUSE OF THE WAY THE CENTRAL GOVERNMENT OR NATIONAL

1 GOVERNMENT PUT A LIMIT ON THE AMOUNT OF TAXES THAT COULD BE
2 SPENT -- SORRY -- ON THE BUDGET THAT COULD BE LEVIED.

3 THE SYSTEM OF COMPULSORY COMPETITIVE TENDERING
4 WHICH IS PRIVATIZATION LED TO MORE COST EFFECTIVE SERVICES,
5 THOUGH IT ALSO HAD SOME DISADVANTAGES, NOT AT FIRST WHEN IT
6 DEALT WITH SOME OF THE SERVICES SUCH AS STREET CLEANING AND SO
7 ON, BUT WHEN IT STARTED TO GET INTO THE ISSUES OF FINANCE
8 STAFF, "IT" STAFF, SO ON, WHEN IT CAUSED MORE DIFFICULTY FOR
9 THE AUTHORITIES. CERTAINLY IT IS NOW SOME OF THE SERVICES
10 WHICH BEFORE WERE NORMALLY PROVIDED IN-HOUSE ARE NOW ALMOST AS
11 A MATTER OF COURSE DELIVERED OUT-HOUSE, SUCH AS WASTE
12 COLLECTION.

13 THE LESS POSITIVE SIDE, SOME SERVICES PROVIDED
14 BY THE GREATER LONDON COUNCIL WENT OUT TO THE ELECTED LOCAL
15 GOVERNMENT TO BODIES THAT WERE APPOINTED BY GOVERNMENT. THE
16 PARTICULAR ONE WAS LONDON REGIONAL TRANSPORT WHICH DEALS WITH
17 THE METRO SYSTEM AND BUSES.

18 THE OTHER DISADVANTAGE WAS THE LACK OF A
19 STRATEGIC APPROACH TO LONDON. I MENTIONED TRANSPORT BUT ALSO
20 SOME MAJOR PLANNING ISSUES.

21 THE KING'S CROSS REGENERATION THAT I REFERRED
22 TO WAS ON THE BORDER BETWEEN TWO LOCAL AUTHORITIES WHICH, A,
23 CAUSED A PROBLEM THERE; AND, SECONDLY, LOCAL PEOPLE HAD NO
24 INTEREST IN VOTING FOR A MAJOR DEVELOPMENT THAT COULD HAVE
25 NEGATIVELY IMPACT ON THEM, BUT WHICH MIGHT BE FOR THE BENEFIT
26 OF LONDON AS A WHOLE; AND, THIRDLY, TIED TO THE FINANCING
27 HERE, THERE WAS NO SPECIFIC INCENTIVE TO ATTRACT BUSINESS TO A
28 BOROUGH BECAUSE YOU DIDN'T GAIN ANY FINANCIAL BENEFIT FROM

1 ATTRACTING BUSINESS TO YOUR BOROUGH. SO AGAIN, LOCAL PEOPLE
2 WHO DIDN'T WANT BUSINESS IN THE AREA COULD PUT PRESSURE ON.

3 IN GENERAL, THERE WAS SOME MOVING OF POWER
4 ACTUALLY TOWARDS NATIONAL GOVERNMENT, NOT JUST DECENTRALIZED.

5 FINALLY, WE HAVE TODAY A NEW GREATER LONDON
6 AUTHORITY WHICH IS STRICTLY, I REMIND YOU, A REGIONAL BODY.

7 IT WAS SET UP FOLLOWING A REFERENDUM, AND ITS
8 SERVICES HAVE NOT TAKEN POWERS AWAY FROM THE BOROUGHs. THEY
9 HAVE LARGELY BEEN POWERS THE NATIONAL GOVERNMENT WAS
10 EXERCISING BEFORE. IT PROVIDES A STRONG MAYOR SYSTEM. THE
11 MAYOR DOES -- HAS MOST OF THE DECISIONS TOGETHER WITH AN
12 AUTHORITY OF 25 MEMBERS.

13 THE MAIN FUNCTIONS ARE TRANSPORT WHERE THEY
14 HAVE APPOINTED BOB KYLIE FROM NEW YORK'S TRANSPORT SYSTEM AS
15 THE HEAD OF TRANSPORT FOR LONDON; ECONOMIC DEVELOPMENT WITH A
16 DUTY THROUGH A DEVELOPMENT AGENCY TO PROMOTE COMPETITIVENESS
17 AND EMPLOYMENT; PART CONTROL OF METROPOLITAN POLICE, WHICH HAS
18 ALWAYS BEEN RUN BY NATIONAL GOVERNMENT AND NEVER BY LOCAL
19 GOVERNMENT, WHICH IS A BIG DIFFERENCE FROM THE AMERICAN
20 SYSTEM; FIRE, WHICH IS RUN ON A PAN LONDON BASIS, AND THEY
21 HAVE A DUTY TO PRODUCE A SPATIAL DEVELOPMENT STRATEGY, A
22 PLANNING STRATEGY FOR LONDON, ALSO SOME STRATEGIES IN RELATION
23 TO THE ENVIRONMENT. THEY ARE VERY MUCH ABOUT PRODUCING
24 STRATEGIES, NOT ABOUT OPERATIONAL SERVICES, OTHER THAN IN THE
25 FIELD IN PARTICULAR OF TRANSPORT THROUGH -- TRANSPORT FOR
26 LONDON.

27 FINAL FINAL, THE ISSUES THAT WE NEED TO LOOK AT
28 IN MY VIEW IN ANY CITY ARE THE BALANCE BETWEEN IDENTITY AND

1 EFFICIENCY.

2 IN FRANCE WE STILL HAVE, AS YOU DO IN MANY
3 AMERICAN TOWNS, VERY SMALL TOWNS THAT HAVE THEIR OWN
4 SELF-GOVERNMENT.

5 HOWEVER, IN SOME FRENCH CITIES LIKE PARIS, IT'S
6 A VERY CENTRAL SYSTEM. PARIS HAS VERY LITTLE DECENTRALIZED
7 GOVERNMENT AT ALL. THESE ARE MATTERS OF CHOICE FOR INDIVIDUAL
8 CITIES.

9 BUT IN MY VIEW, LOCAL GOVERNMENT ESSENTIALLY
10 NEEDS TO RESPOND TO PEOPLE'S OWN SENSE OF WHAT THEIR IDENTITY
11 IS. OF COURSE, IN A MODERN AGE IDENTITY SHOWS PEOPLE WORK IN
12 ONE PLACE, LIVE IN ANOTHER, AND SO ON.

13 I BELIEVE THAT THE WIDER ROLE FOR LOCAL
14 GOVERNMENT INTO THE FUTURE IS NOT JUST OR NOT SO MUCH IN
15 SERVICE DELIVERY, BUT IN THE WIDER ROLE OF COMMUNITY
16 LEADERSHIP.

17 WE NEED TO JOIN UP GOVERNMENT IN TERMS -- IN
18 ORDER TO DEAL WITH THE BIG ISSUES THAT FACE US, BE THEY CRIME
19 AND COMMUNITY SAFETY, ENVIRONMENT, AND ALL THE OTHER ISSUES.
20 THIS REQUIRES LOCAL GOVERNMENT TO WORK IN PARTNERSHIP WITH
21 CERTAINLY WITH THE OTHER SPHERES OF GOVERNMENT, WITH THE
22 STATE, WITH THE REGION, IF THERE IS ONE, BUT CERTAINLY ALSO,
23 AS HAS BEEN MENTIONED TODAY, WITH ALL THE OTHER PLAYERS IN THE
24 LOCALITY FROM THE PRIVATE SECTOR, FROM THE PUBLIC SECTOR WHERE
25 IT EXISTS, AND CERTAINLY WITH OUR COMMUNITY ASSOCIATIONS, AND
26 ALSO TO BE THE OVERSEER OF THOSE SERVICES AND BE THE VOICE ON
27 BEHALF OF THE COMMUNITY OF THOSE SERVICES PROVIDED BY OTHERS.

28 SO, IN SHORT, I BELIEVE THAT WE NEED A WIDER

1 SENSE OF LOCAL GOVERNMENT AS BEING LOOKING AT PROMOTING THE
2 WELLBEING OF THE COMMUNITY, WHICH IS TO BE SEPARATED FROM
3 SERVICE DELIVERY FUNCTION.

4 SO THOSE ARE MY THOUGHTS ON THE LONDON BOROUGH
5 SYSTEM, WHICH IS VERY DIFFERENT.

6 I HOPE THOSE COMPARATIVE IDEAS WILL HELP YOU IN
7 YOUR APPROACH.

8 THANK YOU.

9 MR. STALEY: I ASK JEREMY TO STAY UP AT THE PODIUM
10 SO WE CAN HAVE A SMALL ATTEMPT AT QUESTIONS BEFORE WE GO ON TO
11 THE NEXT PANEL.

12 WE ARE GOING ALONG THE SAME FORM AS BEFORE, I
13 THINK.

14 MR. FLEMING: ONE QUESTION, JEREMY: YOU ARE
15 SAYING YOUR BOROUGH IS ABOUT 190,000. IS THAT ABOUT THE
16 AVERAGE SIZE OF A BOROUGH?

17 MR. SMITH: IT IS A TINY BIT UNDER THE AVERAGE
18 SIZE. THEY RANGE FROM ABOUT, JUST ABOUT 120,000 UP TO 275,000
19 OR SOMETHING LIKE THAT. SO IT'S MIDDLE OF THE RANGE, BUT A
20 LITTLE BELOW NORM.

21 MR. FLEMING: SO FOR THOSE SERVICES THAT YOU
22 ENUMERATED THAT IN A REGULAR BOROUGH, PEOPLE WOULD COME TO ONE
23 LOCAL CITY HALL OR BOROUGH HALL OR WHATEVER IN THE BOROUGH TO
24 AVAIL THEMSELVES OF THAT SERVICE?

25 MR. SMITH: CERTAINLY NOT. WE TENDED TO HAVE FOR
26 MANY SERVICES THREE SORT OF ENTRY POINTS IN DIFFERENT PARTS OF
27 THE BOROUGH, AND IT DEPENDS ON THE NATURE OF THE SERVICE.
28 OBVIOUSLY, SOME ARE LIBRARIES THAT ARE SCATTERED ALL AROUND

1 THE BOROUGH, BUT QUITE A LOT OF IT WAS INCREASINGLY DONE
2 THROUGH THE TOWN HALL, PARTLY TO MAKE SAVINGS ON COSTS AS
3 WELL.

4 SO IT WAS A BALANCE BETWEEN HOW FAR YOU
5 PROVIDED ADMINISTRATIVE OUTPOSTS AND HOW FAR YOU WANTED TO
6 REDUCE THE COSTS AND INDEED GET THE INCOME FROM SELLING OFF
7 PROPERTIES.

8 MR. FLEMING: DO YOU HAVE AN ELECTED BOROUGH BOARD?

9 MR. SMITH: CERTAINLY DO.

10 SORRY. I SHOULD HAVE GONE OVER THIS. THIS IS
11 VERY DIFFERENT INDEED.

12 WE HAVE A SYSTEM OF ELECTED COUNCILORS ELECTED
13 ON A BOARD OF ROUGHLY 8,000 PEOPLE. AND THERE WERE 60 OF THEM
14 FOR THE AREA, 59 TO BE EXACT. AND THEY GET ELECTED USUALLY ON
15 A PARTY TICKET. AND THE COUNCIL VERY MUCH SETS THE MEET
16 REGULARLY AND THROUGH THE ELECTED COUNCILORS DOES HAVE A BIG
17 SAY IN SETTING THE AGENDA. IT IS CERTAINLY NOT THE KIND OF
18 CITY MANAGER OR OFFICER, THAT AGENDA, IN MANY WAYS.

19 SO THE SYSTEM HAS WITHIN THAT SORT OF AREA,
20 THAT SORT OF POPULATION, PEOPLE WHO SIT, AS THEIR JOB, TO
21 REPRESENT SPECIFIC PARTS OF THE AREA.

22 MR. STEWART: HOW DO THE INDIVIDUAL BOROUGHES
23 INFLUENCE THE GREATER LIVING AUTHORITY, AND IS THAT A FORMAL
24 OR INFORMAL SYSTEM?

25 MR. SMITH: IT'S A VERY NEW SYSTEM BECAUSE THE
26 GREATER LONDON AUTHORITY HAS BEEN LESS THAN A YEAR UP AND
27 RUNNING. THEY ARE TRYING TO GET A SORT OF CONCORD OUT OF HOW
28 TO WORK TOGETHER.

1 AS I SAY, FOR THE MOST PART, POWERS HAVE NOT
2 BEEN TAKEN AWAY FROM THE BOROUGHs, BUT THEIR POWERS CAN BE
3 INFLUENCED BY THE MAYOR AND THE ASSEMBLY.

4 SO THERE IS AN ORGANIZATION THAT UNITES THE
5 BOROUGHs CALLED THE ASSOCIATION OF LONDON GOVERNMENT. IT IS
6 THROUGH THAT BODY THAT THEY THEN MEET THE MAYOR AND THE
7 ASSEMBLY TO DISCUSS MATTERS OF MUTUAL INTEREST.

8 MR. SCOTT: AGAIN, I HAVE A WRITTEN QUESTION HERE:
9 THE SERVICES THAT THE BOROUGHs BEGAN TO PROVIDE, WERE ANY OF
10 THOSE NEW SERVICES, OR WERE THEY ALL DEVOLVED FROM THE LARGER
11 LONDON GOVERNMENT?

12 MR. SMITH: THE SERVICES THEY HAD WERE ACTUALLY SET
13 OUT IN LAW FROM THE OUTSET AND BEEN AMENDED, CHANGED, ADDED
14 TO, SUBTRACTED FROM, OVER THE YEARS.

15 SO THEY ARE ALL -- ONLY SOME OF THEM WERE
16 ACTUALLY -- WHEN THE CITYWIDE GOVERNMENT WAS ABOLISHED IN
17 1986, SOME GOVERNMENTS WERE, SOME FUNCTIONS WERE DEVOLVED, BUT
18 MOST OF THEM ARE ORIGINAL FUNCTIONS.

19 AND THE CHANGES IN THE LAST -- A MAJOR CHANGE
20 IN THE LAST YEAR HAS BEEN TO GIVE ALL LOCAL AUTHORITIES A
21 GENERAL POWER TO DO ANYTHING THAT THEY CONSIDER TO BE FOR THE
22 -- PROMOTES THE WELLBEING, THE ECONOMIC, SOCIAL, AND
23 ENVIRONMENTAL WELLBEING FOR THEIR AREA, WHICH GIVES MORE
24 FLEXIBILITY THAN BEING PRECISELY DEFINED BY THE SERVICES, BY
25 THE STATUTORY SERVICES.

26 MR. FLEMING: JEREMY, CAN YOU TALK A LITTLE BIT MORE
27 ABOUT HOW THE BOROUGH IS MANAGED AND HOW MANY EMPLOYEES A
28 BOROUGH HAS, YOUR BOROUGH?

1 MR. SMITH: AS I SAID, WHEN I STARTED, IT WAS
2 12,000, INCLUDING THE EDUCATIONAL STAFF, OR ACTUALLY APPOINTED
3 BY THE SCHOOLS DIRECTLY FOR THE MOST PART, AND IT CAME DOWN TO
4 9,000. I THINK IT'S PROBABLY A LITTLE BELOW THAT TODAY.

5 MR. FLEMING: HOW MANY OF THOSE WERE IN EDUCATION
6 AND HOW MANY --

7 MR. SMITH: CERTAINLY A SIGNIFICANT PROPORTION. I
8 THINK PROBABLY ABOUT 3,000 OF THAT WAS IN EDUCATION.

9 MR. SCOTT: YOU HAVE ABOUT 60 ELECTED COUNCIL
10 MEMBERS IN YOUR BOROUGH. IF THAT WAS TYPICAL, DOES THAT MEAN
11 THAT 32 BOROUGHES AT ABOUT 1900 ELECTED COUNCIL MEMBERS
12 COMPARED TO 15 FOR LOS ANGELES?

13 MR. SMITH: YES.

14 MR. SCOTT: HOW WOULD THAT SELL IN LOS ANGELES?

15 MR. SMITH: I DON'T KNOW IF THIS IS SEEN AS A GOOD
16 THING TO HAVE MORE ELECTED REPRESENTATIVES OR AS A BAD THING.
17 I WOULD BE INTERESTED TO KNOW HOW THE VIEW IS.

18 MR. SCOTT: ARE THEY FULL-TIME OR PART-TIME?

19 MR. SMITH: THEY ARE A MIXTURE. IT IS THEIR
20 CHOICE.

21 PART OF THE NEW GOVERNMENT'S SYSTEM IS TO
22 REQUIRE ALL COUNCILS TO HAVE A NEWBORN POLITICAL MANAGEMENT
23 WHICH INCLUDES THE OPTION OF A DIRECTLY ELECTED MAYOR. THIS
24 IS VERY MUCH GOING ON THE AMERICAN AND, TO SOME EXTENT, THE
25 EUROPEAN EXPERIENCE.

26 IF THEY GO FOR AN ELECTED MAYOR, AND MOST OF
27 THEM DON'T WANT TO, THEN THERE WILL BE A SALARY ATTACHED TO
28 THAT AND WE WILL GET MORE FULL-TIME PEOPLE.

1 THE ALTERNATIVE ONE, WHICH IS NOW COMING
2 FORWARD, IS A MAYOR AND A CABINET. THAT IS ANOTHER OF THE
3 CHOICE OF SYSTEMS. AND EACH OF THOSE WILL HAVE A SALARY
4 ATTACHED TO THEM. IT IS NOT ABSOLUTELY COMPELLED TO BE FULL
5 TIME, BUT LARGELY SPEAKING THIS MEANS WE'LL HAVE A SORT OF A
6 LAYER OF FULL-TIME COUNCILORS AND THE REST NOT BEING
7 FULL-TIME.

8 DE FACTO WE HAVE ALWAYS HAD THAT IN LONDON.
9 FOR MANY, MANY YEARS IT HAS BEEN A GROUP OF POLITICIANS FULL
10 TIME, ALWAYS IN THE TOWN HALL, ALWAYS MEETING WITH YOU, AND
11 ANOTHER GROUP WHO, FOR THEM, IT'S A GENUINE VOLUNTARY ACT.

12 MR. SCOTT: ANY OTHER QUESTIONS?

13 MS. ROSALIND STEWART: SO I THINK YOU JUST SAID THE
14 KEY WORD IS VOLUNTARY? SOME OF THESE PEOPLE ARE NOT PAID?

15 MR. SMITH: THEY ARE ALL PAID. THEY HAVE ALLOWANCE,
16 BUT THE ALLOWANCE IS MODEST. IT WOULD BE SOMEWHERE BETWEEN
17 PROBABLY TRADITIONALLY ABOUT THREE TO 5,000 POUNDS, SO THAT IS
18 ABOUT \$8,000 A YEAR.

19 MS. ROSALIND STEWART: THIS ISN'T THEIR FULL-TIME
20 JOB?

21 MR. SMITH: NO. BUT FOR THE FULL TIME POLITICIANS
22 IT USED TO BE BASED ON A SYSTEM OF A BASIC ALLOWANCE, A
23 SPECIAL RESPONSIBILITY ALLOWANCE, IF YOU WERE THE CHAIR OF A
24 MAJOR COMMITTEE, FOR EXAMPLE. BUT, EVEN SO, IT GOT YOU UP
25 ONLY TO A RELATIVELY MODEST LEVEL OF INCOME.

26 SO THOSE DOING IT WERE EITHER PEOPLE WHO WERE
27 RETIRED, HAD A PRIVATE INCOME, OR WHO WERE VERY CAREER MINDED
28 AND WISHED TO GO ON TO BECOME A MEMBER OF PARLIAMENT OR

1 SOMETHING OF THAT KIND.

2 MR. STALEY: JEREMY, IT COMES TO MIND WHEN I WAS
3 LISTENING TO YOU, IN THE FIRST PANEL RON OAKERSON TALKED A LOT
4 ABOUT THE SEPARATION OF PROVISION IN PRODUCTION.

5 MR. SMITH: YES.

6 MR. STALEY: JEREMY, THAT SEEMS TO BE INTEGRATED
7 INTO THE LONDON BOROUGH SYSTEM. IN OTHER WORDS, THE UNIFIED
8 PRODUCTION AND PROVISION SEEMS TO NO LONGER BE -- ISN'T THE
9 WAY YOU DO THINGS NORMALLY.

10 MR. SMITH: I THINK THAT'S TRUE. WE NO LONGER HAVE
11 THE DEGREE OF COMPULSION, WE CHANGED OUR SYSTEM TO SOMETHING
12 CALLED BEST VALUE, WHICH IS A DUTY TO REVIEW EACH OF YOUR
13 SERVICES ON A ROLLING BASIS, NOT LESS THAN EVERY FIVE YEARS,
14 WITH EXTERNAL KIND OF SUPERVISION TO ENSURE YOU'VE DONE THE
15 SYSTEM. AND THE AIM IS PARTLY TO ENSURE THAT YOU CAN JUSTIFY
16 THAT YOU HAVE GOT THE BEST VALUE FOR THAT SERVICE, WHETHER IT
17 IS IN-HOUSE OR EXTERNALIZED.

18 BUT IN FACT WITH A LOT OF AUTHORITY OF
19 EXTERNALIZED WASTE COLLECTION, WASTE DISPOSAL, GROUNDS
20 MAINTENANCE, SCHOOL CATERING, A NUMBER OF OTHER -- LEISURE
21 MANAGEMENT, LEISURE SERVICES, MANAGEMENT OF THOSE FACILITIES,
22 SWIMMING POOLS, AND SO ON.

23 SO THERE IS A GREAT SWAYING OF THINGS THAT USED
24 TO BE AUTOMATICALLY DONE THROUGH THE PUBLIC CENTER IN-HOUSE
25 WHICH ARE NOW REGULARLY OUTSOURCED.

26 MR. SCOTT: I HAVE ANOTHER QUESTION: WHAT
27 PERCENTAGE OF THE EMPLOYEES IN YOUR BOROUGH ARE UNIONIZED?

28 MR. SMITH: I DON'T KNOW TODAY'S FIGURES. IT

1 STARTED AT PROBABLY 80 TO 90 PERCENT. AND I THINK IT WAS
2 GOING DOWN TO 60, 70 PERCENT, I WOULD SAY.

3 MR. STALEY: INCLUDING EDUCATION?

4 MR. SMITH: EDUCATION TENDS TO BE WELL UNIONIZED.
5 THE TEACHERS' UNION IS STILL ALMOST 90 PERCENT. THERE IS NO
6 COMPULSION, BUT IT IS DE FACTO THEY ALL JOIN.

7 MR. TAMAKI: HOW ARE LAND USE ISSUES INVOLVING,
8 SAY, ONE OR TWO BOROUGHS THAT MAY BE ADJACENT OR ADJOINING,
9 HOW ARE THEY RESOLVED?

10 MR. SMITH: IT DEPENDS -- IF THE ISSUE FALLS WITHIN
11 ONE BOROUGH EVEN THOUGH THE IMPACT FALLS IN ANOTHER BOROUGH,
12 THEN IT IS STILL ONE BOROUGH THAT DECIDES IT. IF THERE IS A
13 PIECE OF LAND THAT ACTUALLY STRADDLES A BOROUGH -- I AM JUST
14 TRYING TO REMEMBER HOW WE DID THAT. I THINK THERE WAS
15 PROBABLY SOME JOINT MECHANISM, BUT I CAN'T REMEMBER.

16 BUT ESSENTIALLY SPEAKING, HOWEVER MAJOR THE
17 IMPACT ON ANOTHER BOROUGH, IT WAS DEALT WITH BY THE BOROUGH
18 WITHIN WHICH THE LAND LIES. BUT THAT ITSELF WOULD GIVE RISE
19 TO QUITE STRONG ISSUES OF REPRESENTATIONS FROM THE NEIGHBORING
20 BOROUGH.

21 MR. SCOTT: LET ME MAKE A FOLLOW-UP QUESTION, IF I
22 CAN. WE HAVE SOMETHING CALLED THE SUNSHINE CANYON LANDFILL
23 HERE THAT SERVICES ALL OF LOS ANGELES. IT WOULD FALL IN ONE,
24 PARTICULARLY ONE SMALL DISTRICT. SO HOW WOULD YOU RECOMMEND
25 OR HOW HAVE YOU SOLVED THAT KIND OF PROBLEM, A HUGE IMPACT ON
26 ONE PARTICULAR DISTRICT BUT IT SERVICES A MUCH BROADER AREA?

27 MR. SMITH: THAT WAS DEALT WITH LARGELY -- AS I
28 SAID, THERE IS STRATEGIC GUIDANCE FROM THE NATIONAL GOVERNMENT

1 WHICH SETS THE FRAMEWORK. SO THAT WOULD INCLUDE ANY
2 ABSOLUTELY VITAL SERVICES. AND THAT WOULD PROTECT, OBVIOUSLY,
3 ALSO THE -- OF A WASTE DISPOSAL AUTHORITY WHICH HAD AN
4 INCINERATOR WHICH NEEDED UPGRADING, ALL THOSE KINDS OF THINGS.
5 IT WAS PRIVATIZED ON A JOINT VENTURE, THAT ONE.

6 SO WE HAD TO -- THOSE WOULD BE PROTECTED IN THE
7 PRESENT ONES. WE DIDN'T DO -- THE MOST DIFFICULT ONES TEND TO
8 BE DISPOSAL OF WASTE AND THAT KIND OF ISSUE.

9 WE ALSO HAD SOME TRADITIONAL LANDFILL SITES
10 OUTSIDE LONDON.

11 SO, IN ESSENCE, THE BIGGEST ISSUES TENDED NOT
12 TO BE SORT OF BAD USES OF THAT KIND, BUT OPPOSITION TO MAJOR
13 OFFICE DEVELOPMENTS BY LOCAL PEOPLE. THOSE WERE MUCH MORE THE
14 KIND OF BIG ISSUE THAT SPLIT COMMUNITIES UNDER THE EXISTING
15 SYSTEM WHERE LOTS OF LONDONERS SAID WE DON'T WANT THIS BIG
16 TALL BUILDING, OR WHATEVER IT IS, NEXT TO US BECAUSE THEY TOOK
17 A LOCAL -- VERY LOCAL VIEW ON THEIR INTEREST.

18 MR. SCOTT: DOES THE BOROUGH HAVE ANY AUTHORITY TO
19 RAISE SPECIAL TAXES OR ASSESSMENTS?

20 MR. SMITH: ONLY IN VERY, VERY LIMITED HISTORIC
21 CIRCUMSTANCES.

22 ONE OF THE PROBLEMS THAT OUR LOCAL GOVERNMENT
23 HAS IS A VERY, VERY INFLEXIBLE FINANCIAL SYSTEM WHERE THE --
24 THERE IS NO LONGER A RIGID CEILING OR CAP ON THE AMOUNT THAT
25 YOU CAN RAISE THROUGH THE COUNCIL TAX. BUT THERE IS A RESERVE
26 POWER ON THE CENTRAL GOVERNMENT, ON THE NATIONAL GOVERNMENT TO
27 INTERVENE IF THEY THINK THAT YOU ARE INCREASING YOUR TAX RATE
28 BY TOO HIGH A PERCENTAGE.

1 SO IT IS VERY, VERY LIMITED FLEXIBILITY INDEED
2 ON FINANCING.

3 MR. SCOTT: WE RECENTLY HAD A MEASURE ON THE
4 BALLOT, WE HAVE HAD SIMILAR MEASURES IN THE PAST, TO INCREASE,
5 IN THIS CASE, THE LOS ANGELES COUNTY BOARD OF SUPERVISORS FROM
6 FIVE MEMBERS REPRESENTING TEN MILLION PEOPLE TO NINE MEMBERS.

7 LOOKING AT YOUR NUMBERS OF 3200
8 REPRESENTATIVES, WHAT IS THE BUDGET OR HOW DO YOU JUSTIFY THE
9 BUDGET FOR STAFFING AND SUPPORT FOR THAT MANY MEMBERS? ARE
10 THEY STAFFED, OR DO ANY OF THEM HAVE ANY SUPPORT STAFF OR
11 FACILITIES?

12 MR. SMITH: YES. THEY TEND TO BE PROVIDED IN
13 SMALL -- THEY ARE ACTUALLY QUITE SMALL STAFF GROUPS, AND THEY
14 ARE PROVIDED ACCORDING TO THE POLITICAL GROUPS. SO EACH
15 POLITICAL GROUP WOULD GET A SMALL NUMBER OF STAFF ATTACHED TO
16 THEM.

17 WE HAD ABOUT, I THINK FOR THE WHOLE COUNCIL,
18 PROBABLY ABOUT A DOZEN MEMBERS OF STAFF WHO WORKED DIRECTLY
19 FOR THE COUNCILORS IN TERMS PROVIDING THEM SERVICES.

20 MR. SCOTT: THAT IS ALL THE QUESTIONS.

21 MR. STALEY: THANK YOU VERY MUCH, JEREMY. WE HAVE
22 GOT A FIVE-MINUTE BREAK, AND WE WILL START THE NEXT PANEL IN
23 FIVE MINUTES. IT IS SO WE CAN START ON TIME.

24

25 (RECESS.)

26

27 MR. FLEMING: TWO THINGS I WANT TO ANNOUNCE.

28 NUMBER 1, THIS ENTIRE CONFERENCE IS BEING VIDEOTAPED, AND

1 VIDEO TAPES WILL BE AVAILABLE AND ALSO AVAILABLE TO THE MEDIA
2 AND THE CABLE TELEVISION. SO YOU WILL BE SEEING MORE OF THIS.

3 WE ALSO HAVE AUDIO TAPES IF YOU ARE
4 INTERESTED.

5 VIGO BUTLER MADE AN INTERESTING OBSERVATION TO
6 ME A MINUTE AGO AFTER JEREMY'S REMARKS ABOUT LONDON
7 GOVERNMENT. VIGO, AS YOU KNOW, IS WITH ME THE LOS ANGELES
8 ECONOMIC DEVELOPMENT CORPORATION. HE SAID THAT EVERY MEMBER
9 OF THE BRITISH PARLIAMENT HAS TWO STAFFERS, ONE IN LONDON AND
10 ONE IN THEIR DISTRICT; AND THAT'S ALL. SO WHEN THEY MAKE A
11 SPEECH IN PARLIAMENT, IT IS THEIR SPEECH. NOBODY WROTE IT
12 FOR THEM BECAUSE THEY DON'T HAVE ANY STAFFS OTHER THAN TWO.

13 THAT WOULD BE AN INTERESTING APPROACH TO CITY
14 GOVERNMENT.

15 LET ME INTRODUCE A FELLOW THAT REALLY NEEDS NO
16 INTRODUCTION. HE HAS APPEARED SEVERAL TIMES ON BEHALF OF NOT
17 JUST THE ECONOMIC ALLIANCE, BUT LAEDC AND SO MANY OTHER
18 ORGANIZATIONS THROUGHOUT LOS ANGELES.

19 HE IS, OF COURSE, JOEL KOTKIN WHO, FORTUNATELY
20 FOR US, IS A FELLOW RESIDENT OF THIS VALLEY, LIVING IN SHERMAN
21 OAKS.

22 HE IS WITH PEPPERDINE UNIVERSITY AND ALSO WITH
23 THE REASON PUBLIC POLICY INSTITUTE, AND A GUY FOR WHOM I HAVE
24 ENORMOUS RESPECT AND WOULD GLADLY PAY \$24.95 FOR HIS BOOK.

25 LADIES AND GENTLEMEN, JOEL KOTKIN.

26 MR. KOTKIN: THANK YOU VERY MUCH.

27 YOU'RE PROBABLY SAYING WHY DO THEY KEEP GIVING
28 ME THIS GUY OVER AND OVER AGAIN. I WONDER THE SAME THING.

1 BUT SAM STALEY HAS TO GET HIS MONEY'S WORTH, SO YOU WILL HAVE
2 TO ENDURE.

3 THIS ISSUE OF NEIGHBORHOOD GOVERNANCE I THINK
4 IS OBVIOUSLY ONE THAT REALLY MAKES A GREAT DEAL OF SENSE FOR
5 US TO BE DISCUSSING.

6 ONE OF THE THINGS I THINK THAT PEOPLE DON'T
7 RECOGNIZE ABOUT THE CITY OF LOS ANGELES AND THIS REGION, IT IS
8 A CITY OF NEIGHBORHOODS, AND AGAIN THE PEOPLE USE THE TERM
9 "BALKANIZATION." THAT'S THE BAD WORD FOR THE PUBLIC POLICY
10 WONKS AND THE SCAG TYPES AND ALL THOSE PEOPLE SITTING UP THERE
11 WITH THEIR BIG MAPS WISHING THEY COULD MOVE THE PIECES AROUND
12 LIKE SOMEBODY IN A WAR ROOM. THEY CAN'T AND THEY ALWAYS SAY
13 WELL IT'S THE BALKANIZATION.

14 BUT, IN A WAY, BALKANIZATION IS GOOD. I THINK
15 SOME OF THE DISCUSSIONS EARLIER SHOW THAT BALKANIZATION OF
16 GOVERNMENT CAN ACTUALLY BE MORE EFFICIENT THAN A BIGGER
17 GOVERNMENT.

18 AND L.A. IS A CITY OF NEIGHBORHOODS. WE ARE
19 GOING TO BE DISCUSSING THIS IN THE CONTEXT OF SOME OTHER
20 EXPERIENCES. AND IT'S REALLY THE VITALITY OF L.A. WHICH COMES
21 FROM THE BOTTOM UP. MY NEIGHBORHOOD, WHICH ACTUALLY IS VALLEY
22 VILLAGE, IS A REAL NEIGHBORHOOD.

23 ON 4TH OF JULY, WHO WOULD THINK IN LOS ANGELES
24 4TH OF JULY, WE LIVE ON A VERY QUIET STREET, PEOPLE TAKE
25 CHAIRS, PUT IN THE MIDDLE OF THE STREET, AND WE WATCH
26 FIREWORKS OVER VALLEY COLLEGE. THIS ISN'T MAYBERRY, BUT IT
27 ISN'T THE BRONX EITHER.

28 I THINK WHAT WE NEED TO DO IS UNDERSTAND THAT

1 ULTIMATELY GOVERNMENT IS REALLY ABOUT NEIGHBORHOODS, AND I
2 THINK WHAT THE CITY OF LOS ANGELES IN ITS EXPANSION, AND THE
3 SAME THING TRUE OF MANY OTHER CITIES, REALLY SORT OF LOST
4 GRIP. THAT A CITY AND WHAT MAKES A PEOPLE WANT TO STAY IN THE
5 CITY IS REALLY THEIR NEIGHBORHOOD EXPERIENCE.

6 WHEN YOU ASK PEOPLE VERY OFTEN, "WHAT DO YOU
7 THINK ABOUT THE CITY OF LOS ANGELES?" AND THERE WILL BE
8 SOMETHING UNPRINTABLE, AND THEN YOU ASK THEM ABOUT THEIR
9 NEIGHBORHOOD, THEY SAY, "MY NEIGHBORHOOD IS REALLY NICE."

10 AND THAT'S WHY THE CITY IS NOT THE
11 DEPOPULATED. THAT'S WHY THERE ARE THREE AND A HALF TO FOUR
12 MILLION PEOPLE IN L.A. BECAUSE THE NEIGHBORHOODS STILL WORK.
13 IT'S THE SOURCE OF STRENGTH FOR THE CITY, AND IT IS DEFINITELY
14 THE SOURCE OF STRENGTH FOR THE VALLEY, I THINK AS MUCH AS ANY
15 PART OF L.A.

16 SO THAT'S MY SHTICK FOR THIS LITTLE PORTION OF
17 THE PROGRAM.

18 NOW, I WANT YOU TO SORT OF OPEN UP. YOU MIGHT
19 START THINKING ABOUT THIS NOT JUST AS AN L.A. ISSUE, BUT AS A
20 BROADER NATIONAL, EVEN AS WE HEARD EARLIER, GLOBAL ISSUE.

21 WE ARE GOING TO HAVE THREE SPEAKERS. PLEASE
22 HOLD YOUR QUESTIONS. I ASSUME BOB SCOTT IS STILL RUNNING
23 AROUND WITH CARDS ASKING QUESTIONS. AND THEN WE WILL TAKE THE
24 QUESTIONS AT THE END.

25 FIRST SPEAKER WILL BE ROBERT NELSON, WHO IS A
26 PROFESSOR OF ENVIRONMENTAL POLICY AT THE SCHOOL OF PUBLIC
27 AFFAIRS OF THE UNIVERSITY OF MARYLAND, AND HE IS A NATIONALLY
28 RECOGNIZED AUTHORITY ON NATURAL RESOURCE AND LAND ISSUES.

1 AND HE HAS WRITTEN ABOUT THESE TOPICS OF
2 NEIGHBORHOOD GOVERNANCE FOR SUCH PUBLICATIONS AS WASHINGTON
3 POST, WALL STREET JOURNAL, AND THE L.A. TIMES.

4 MR. NELSON: THANK YOU, JOEL. I AM PLEASED TO BE
5 HERE.

6 I THINK THE SUBJECT THAT YOU ARE TALKING IS ONE
7 THAT I HAVE BEEN INTERESTED IN FOR A LONG TIME. IT HAS BEEN
8 MORE AT A THEORETICAL LEVEL, AND NOW PEOPLE HERE ARE ACTUALLY
9 TALKING ABOUT BRINGING IT DOWN POSSIBLY TO A PRACTICAL LEVEL,
10 WHICH IS WHEN THE REAL FUN CAN BEGIN.

11 BUT ANYWAY I AM TALKING TODAY ABOUT WHAT I CALL
12 A NEW SPECIES OF GOVERNMENT IN THE UNITED STATES. YOU DON'T
13 SEE A WHOLE NEW SPECIES IN THE ANIMAL WORLD OR THE
14 GOVERNMENTAL WORLD EMERGE VERY OFTEN. BUT THAT SPECIES IS THE
15 NEIGHBORHOOD ASSOCIATION AND THE PRIVATE NEIGHBORHOOD
16 ASSOCIATION WHICH I CONSIDER TO BE ONE OF THE MOST IMPORTANT
17 THINGS HAPPENING IN THE WHOLE WORLD OF AMERICAN GOVERNANCE
18 TODAY.

19 WE ARE FAMILIAR WITH THE IDEA OF PRIVATE
20 SERVICE DELIVERY. YOU HAVE, AS MENTIONED, IN LONDON EXTENSIVE
21 CONTRACTING OUT. BUT THE NEW IDEA THAT IS BEING PROPOSED AND
22 ADOPTED ACROSS THE UNITED STATES IS I GUESS KIND OF A WHOLE
23 NEW THING. IT IS THE FULL-FLEDGED AND FULL-SCALE
24 PRIVATIZATION OF THE WHOLE GOVERNMENT IN ITSELF, OR AT LEAST
25 AT THE NEIGHBORHOOD LEVEL.

26 THESE THINGS ARE CALLED VARIOUS -- GO BY
27 VARIOUS NAMES. WE DON'T HAVE A COMMON TERM YET: PRIVATE,
28 RESIDENTIAL COMMUNITY, COMMUNITY ASSOCIATION, PRIVATE

1 NEIGHBORHOOD.

2 WHEN I MENTION THE SUBJECT, A LOT OF PEOPLE SAY
3 "GATED COMMUNITY." THEY THINK THAT'S WHAT IT IS. IT IS SORT
4 OF A NEGATIVE CONNOTATION.

5 ACTUALLY, GATED COMMUNITIES ARE ABOUT, BY THE
6 BEST ESTIMATES WE HAVE, WHICH ARE NOT VERY GOOD, BUT SOMETHING
7 LIKE TEN TO 20 PERCENT OF ALL NEIGHBORHOOD ASSOCIATIONS.

8 THE TERM I USE IS NEIGHBORHOOD ASSOCIATION OR
9 PRIVATE NEIGHBORHOOD ASSOCIATION, BUT AGAIN SOME OF THESE
10 UNITS IN ARIZONA, PLACES, LAS VEGAS, GET UP TO 50,000 PEOPLE.
11 RESTON, VIRGINIA, COLUMBIA, MARYLAND.

12 SO THEY ARE NOT ALL NEIGHBORHOODS, AND SOME OF
13 THEM, OF COURSE, ARE JUST SINGLE BUILDINGS.

14 ON AVERAGE, THE LARGEST PART OF THEM ARE ABOUT
15 NEIGHBORHOOD SIZE, MAYBE 500 PEOPLE, 300, SOMETHING LIKE
16 THAT.

17 NOW THESE ARE REAL FORMS OF GOVERNMENT, EVEN
18 THOUGH THEY ARE PRIVATE. THEY COLLECT THE GARBAGE, THEY CLEAN
19 THE STREETS, THEY MANAGE THE TENNIS COURTS, RUN THE GOLF CLUB,
20 ALL KINDS OF THINGS.

21 THEY EVEN HAVE WHAT I CALL A PRIVATE
22 CONSTITUTION WHICH SETS OUT THE TERMS FOR THE ELECTION OF THE
23 OPERATING OFFICERS, THE BOARD, AND WHICH ARE -- TAKE THE
24 FORM -- THEY ARE CONVENTIONALLY CALLED THE FOUNDING
25 DOCUMENTS.

26 NOW, THE NEIGHBORHOOD ASSOCIATION IS FAIRLY NEW
27 AND IT HAS HAD AN EXPLOSIVE RISE. AS RECENTLY AS 1961 THERE
28 WAS NO SUCH THING AS A CONDOMINIUM IN THE UNITED STATES.

1 THE FIRST LEGISLATION WAS ACTUALLY -- THE FIRST
2 PROVISION STATUTORILY FOR CONDOMINIUMS WAS THE 1961 HOUSING
3 ACT.

4 AND BESIDES CONDOMINIUMS, THE OTHER MAIN FORM
5 OF THE NEIGHBORHOOD ASSOCIATION IS THE HOMEOWNERS
6 ASSOCIATION. A LOT OF PEOPLE ALSO INCLUDE IN THIS CATEGORY
7 COOPERATIVES, ALTHOUGH THOSE ARE MORE LIKELY TO BE IN NEW
8 YORK CITY.

9 AS OF 1970, ONE PERCENT OF AMERICANS LIVED IN
10 NEIGHBORHOOD ASSOCIATIONS. IN THE YEAR 2000 IT IS 15
11 PERCENT.

12 AND SO IN CALIFORNIA, WHICH IS STILL IN THE
13 CENTER OF THINGS, ALTHOUGH I HOPE ITS MANAGEMENT OF ITS
14 ELECTRIC POWER IS NOT GOING TO BE AN EXAMPLE FOR THE REST OF
15 THE NATION, BUT 70 PERCENT, AT LEAST BY SOME ESTIMATES, OF NEW
16 DEVELOPMENT IN THE LOS ANGELES-SAN DIEGO AREA IS WITHIN A
17 NEIGHBORHOOD ASSOCIATION.

18 AND FLORIDA IS THE OTHER PLACE SIMILAR TO
19 CALIFORNIA. FORTY PERCENT OF ALL THE CONDOMINIUMS IN THE
20 UNITED STATES ARE EITHER IN FLORIDA OR CALIFORNIA.

21 NOW, THE OTHER THING, BESIDES THE FACT THAT
22 IT'S PRIVATE, THAT IS SOMEWHAT UNIQUE ABOUT THIS NEW SPECIES
23 OF GOVERNMENT IS THE FACT THAT IT'S NEIGHBORHOOD, OR AT LEAST
24 IN MANY CASES.

25 MODERN POLITICAL THEORY, IF YOU GO BACK TO
26 MASTERS OF LOCKE AND MONTESQUIEU AND SO FORTH TENDS TO BE
27 BUILT AROUND THOMAS JEFFERSON, AROUND INDIVIDUALS AND NATIONS.
28 THOSE ARE THE CENTRAL UNITS.

1 THERE IS NOTHING MUCH IN POLITICAL THEORY ABOUT
2 NEIGHBORHOODS. NOBODY HAS WRITTEN A FAMOUS HISTORIC TRACT
3 CALLED "THE RIGHT OF FREE NEIGHBORHOODS" OR "FREE RIGHT
4 NEIGHBORHOODS," SOMETHING LIKE THAT.

5 SO IT'S REALLY QUITE A NOVEL DEVELOPMENT TO
6 HAVE A BASIC POLITICAL UNIT ARISE WHICH IS ORGANIZED
7 GEOGRAPHICALLY ABOUT THE SCOPE OF THE NEIGHBORHOOD.

8 NOW, WHEN YOU COMBINE THE FACT OF PRIVATE AND
9 NEIGHBORHOOD, YOU GET REALLY QUITE A UNIQUE BEING. PRIVATE
10 STATUS GIVES YOU A LOT OF POWERS THAT WOULD NOT BE TRUE IF YOU
11 WERE TALKING ABOUT A MUNICIPAL GOVERNMENT.

12 FOR EXAMPLE, STATES CAN DO, LEGALLY AT LEAST --
13 THEY MAY NOT BE ABLE TO DO IT POLITICALLY -- PRETTY MUCH DO
14 WHAT THEY WANT WITH A MUNICIPAL GOVERNMENT. BUT A PRIVATE
15 NEIGHBORHOOD WOULD BE PROTECTED, FOR EXAMPLE, BY A TAKINGS
16 CLAUSE.

17 THE MUNICIPALITY, OR EVEN A STATE, COULD NEVER
18 HAVE AN IMMIGRATION CONTROL, BUT A PRIVATE NEIGHBORHOOD CAN
19 HAVE AN IMMIGRATION CONTROL, NO QUESTION ABOUT IT. IT IS
20 WITHIN THEIR LEGAL AUTHORITY.

21 SO SOME PEOPLE, WHEN THEY LOOK AT THESE THINGS,
22 WE CALL IT PRIVATE, BUT IT ACTUALLY LOOKS A LOT LIKE
23 SOVEREIGN. AND GIVEN THAT IT'S A GOVERNMENTAL UNIT, THESE
24 THINGS START LOOKING LIKE TINY NATIONS.

25 AND SO IN FACT SOME OF THE CRITICS SAY THAT
26 WHAT WE ARE HEADED TOWARDS HERE IS SOME REVIVAL OF FEUDALISM
27 WITH ALL THESE SEMIAUTONOMOUS NEIGHBORHOODS ALL OVER THE
28 LANDSCAPE.

1 BUT, IN ANY CASE, THE FACT OF THIS RATHER
2 SOVEREIGN STATUS THAT GOES WITH PRIVATE AND GEOGRAPHIC SCOPE
3 OF GOVERNANCE RAISES ALL KINDS OF INTERESTING QUESTIONS.

4 IN FACT, I WILL PLUG IT. IT'S NOT OUT, BUT I
5 AM WRITING A BOOK ON THE SUBJECT RIGHT NOW. HOPEFULLY IT WILL
6 BE OUT IN ABOUT A YEAR OR SO.

7 WHAT ARE SOME OF THE OTHER EXAMPLES OF RATHER
8 NOVEL THINGS THAT THESE NEIGHBORHOOD ASSOCIATIONS CAN DO?

9 WELL, IN THE '70S AND '80S LOTS OF THEM WERE
10 ADULTS ONLY, FOR EXAMPLE, NO CHILDREN. THE CALIFORNIA, TEXAS,
11 FLORIDA COURTS ALL SAID IT IS CONSTITUTIONAL. OF COURSE, IT
12 WAS CHALLENGED AS BEING ILLEGAL, BUT THE COURTS UPHELD IT.

13 OF COURSE, YOU CAN'T DO RACIAL DISCRIMINATION,
14 BUT MAYBE -- AND THIS REMAINS PROBABLY TO BE DETERMINED -- YOU
15 COULD HAVE RELIGIOUS SEPARATION.

16 SO IT MIGHT BE THAT YOU MIGHT HAVE MORMON
17 NEIGHBORHOODS OR BAPTIST NEIGHBORHOODS, I DON'T KNOW. THIS IS
18 THE KIND OF THING, ACTUALLY, THAT THE POLICY DEBATE IN THE
19 FUTURE HAS TO ADDRESS IS, YOU KNOW, TO WHAT EXTENT ARE THESE
20 NEIGHBORHOODS REALLY GOING TO BE ABLE TO ASSERT AUTONOMY.

21 WE DO HAVE SOME VERDICTS. IN THIS CASE I
22 HAPPEN TO THINK IT WAS A MISTAKE. BUT CONGRESS INTERVENED IN
23 1988 AND PASSED THE FAIR HOUSING AMENDMENTS ACT AND OUTLAWED
24 ADULT-ONLY COMMUNITIES. BUT THEY DID PROVIDE AN EXCEPTION,
25 WHICH THEY HAD TO DO POLITICALLY, FOR SENIOR CITIZEN
26 COMMUNITIES. SO NOW ONLY SENIOR CITIZEN COMMUNITIES CAN BE
27 ADULT ONLY.

28 AND THERE ARE LOTS OF OTHER THINGS, LOTS OF

1 ISSUES. THERE HAVE ALREADY BEEN 4,000 COURT CASES INVOLVING
2 ISSUES OF WHAT THE LEGAL AUTHORITY IN THE NEIGHBORHOOD
3 ASSOCIATION IS, WHAT THE LEGAL STANDARD, WHEN THE COURTS COULD
4 INTERVENE IF A CITIZEN CLAIMS THEY HAVE BEEN ARBITRARILY
5 TREATED.

6 NOW, WHEN I TALK ABOUT THESE PRIVATE
7 NEIGHBORHOODS, I LIKE TO BRING UP THE FACT THAT IN THE 1970S
8 THERE WAS A NEIGHBORHOOD MOVEMENT IN THE UNITED STATES OF SOME
9 SCOPE. PEOPLE LIKE HARRY BOYTE WROTE A BOOK ABOUT IT. THERE
10 WAS EVEN A NATIONAL COMMISSION ON NEIGHBORHOODS.

11 THE OBJECTIVE WAS TO DECENTRALIZE CITY
12 GOVERNMENT TO THE NEIGHBORHOOD LEVEL. IT HAD SOME SUCCESS,
13 BUT BASICALLY NEVER TOOK OFF, KIND OF ONE OF THOSE PHENOMENA.

14 THE REAL SUCCESS, THE TREMENDOUS SUCCESS IN
15 AMERICAN LIFE IS WHAT YOU MIGHT CALL THE PRIVATE NEIGHBORHOOD
16 MOVEMENT WHICH, AS I WAS JUST SAYING, HAS EXPLODED ACROSS THE
17 AMERICAN LANDSCAPE.

18 AND, INTERESTINGLY ENOUGH OR CURIOUSLY, SOME OF
19 THE PROPONENTS IN THE OLD PUBLIC NEIGHBORHOOD MOVEMENT ARE
20 UNCOMFORTABLE AND DON'T SEEM TO LIKE THESE PRIVATE
21 NEIGHBORHOODS. IT SEEMS AS THOUGH IF IT'S PUBLIC, ITS OKAY;
22 BUT IF IT'S PRIVATE, IT INVOKES ALL KINDS OF NEGATIVE
23 ASSOCIATIONS.

24 NOW, WHY HAVE WE HAD A TURN, BOTH IN THEORY AND
25 IN PRACTICE, AWAY FROM LARGE INSTITUTIONS AND TOWARDS
26 NEIGHBORHOODS? WELL, IT IS A LONG HISTORY, BUT I WOULD ARGUE
27 THE IMPETUS OF THE FIRST PART OF THE 20TH CENTURY WAS TOO
28 BIG. YOU HAD ANNEXATIONS, THE CREATION OF LARGE CITIES, THE

1 CITY OF LOS ANGELES.

2 OVER THE COURSE OF THE 20TH CENTURY YOU HAD THE
3 FEDERAL GOVERNMENT BECOME BASICALLY THE HEADQUARTERS OF THE
4 UNITED STATES, THE WELFARE AND REGULATORY STATE,
5 CENTRALIZATION BASED ON THE IDEAS OF COMPREHENSIVE PLANNING,
6 COORDINATION, SCIENTIFIC MANAGEMENT, AND SO FORTH.

7 BUT BY THE 1960S, I THINK IN AMERICAN LIFE AND
8 ELSEWHERE, YOU STARTED SEEING REAL DOUBTS ABOUT ALL THIS. THE
9 OLD SOCIALISTS, NOW IF YOU LOOK TO SEE WHO THE CITIZEN
10 ACTIVISTS WERE, THEY WERE NEIGHBORHOOD DEFENDERS, AND THE
11 SOCIALIST IDEALISTS WERE HARD TO FIND.

12 SO IN GENERAL I THINK WE HAVE HAD RATHER WIDE
13 DOUBTS THAT HAVE ARISEN: BIGGER IS NOT BETTER, SCIENCE WAS
14 ACTUALLY NOT AS DEFINITIVE AS IT HAD BEEN PROMISED, PLANNING
15 WASN'T ABLE TO PROVIDE A LOT OF ANSWERS. ACTUALLY, THE
16 PLANNERS MADE ENORMOUS ERRORS IN RETROSPECT. LARGE WAS
17 UNDEMOCRATIC AND SO FORTH.

18 SO THE NEIGHBORHOOD MOVEMENT WAS ONE
19 MANIFESTATION. WE HAVE SEEN DECENTRALIZATION IN A LOT OF
20 OTHER PLACES, LIKE INTERNATIONALLY THE BREAKING APART OF THE
21 FORMER SOVIET UNION, EVEN IN THE EUROPEAN COMMUNITY, THE
22 EUROPEAN UNION, THE NEW STATES ENTERING, QUITE SMALL, TWO,
23 THREE MILLION, PLACES LIKE SLOVENIA, SLOVAKIA.

24 I SEE TENDENCIES IN THE WHOLE WORLD TOWARDS THE
25 BREAK-UP OF THESE MONOLITHIC INSTITUTIONS THAT EMERGED IN THE
26 FIRST HALF OF THE CENTURY AND THAT THESE TENDENCIES HAVE BEEN
27 SEEN IN THE SECOND HALF, THAT I WOULD EXPECT THEM TO
28 CONTINUE.

1 NOW, WHAT -- THE THING THAT IS INTERESTING FOR
2 THIS CONFERENCE IS THE FACT THAT YOU HAVE THIS MOVEMENT
3 TOWARDS NEIGHBORHOOD ASSOCIATIONS AND PEOPLE VOTING FOR THEIR
4 FEE. FORTY-TWO MILLION AMERICANS LIVE IN THEM NOW. FIFTY
5 PERCENT NATIONWIDE, 50 PERCENT OF NEW DEVELOPMENT, OVER A
6 MILLION AMERICANS ARE SERVING ON BOARDS OF DIRECTORS OF
7 NEIGHBORHOOD ASSOCIATIONS. THERE IS OBVIOUSLY A STRONG
8 DEMAND.

9 NOW WHERE DO YOU FIND THE NEIGHBORHOOD
10 ASSOCIATION? WELL, IT IS BASICALLY IN THE OUTER SUBURBS
11 BECAUSE TO CREATE A NEIGHBORHOOD ASSOCIATION YOU BASICALLY
12 HAVE TO DO IT SIMULTANEOUSLY WITH THE DEVELOPMENT OF THE
13 LAND. AND ANYONE ENTERING THE DEVELOPMENT IS REQUIRED TO
14 JOIN.

15 IF YOU WANTED TO HAVE AN ASSOCIATION AND YOU
16 HAD AN EXISTING NEIGHBORHOOD, IT WOULD BE EXTREMELY DIFFICULT
17 TO CREATE ONE IF IT WASN'T ALREADY THERE FROM THE BEGINNING.
18 YOU HAVE TO GET VOLUNTARY AGREEMENT OF EVERYONE IN THE
19 NEIGHBORHOOD, OR AT LEAST ALMOST EVERYONE.

20 SO I HAVE IN MY WRITING COME UP WITH A
21 PROPOSAL. IT GOES BACK -- I FIRST OFFERED IT IN 1977 IN A
22 BOOK CALLED "ZONING AND PROPERTY RIGHTS" WHICH DID NOT -- IT
23 SOLD AND THERE WAS INTELLECTUAL INTEREST IN THE PROPOSAL, BUT,
24 NEEDLESS TO SAY, IT DIDN'T EXACTLY TAKE OFF AS A PRACTICAL
25 MEASURE.

26 BUT MY SUGGESTION IS -- AND THIS IS SOMETHING
27 THAT PEOPLE HERE MIGHT BE INTERESTED IN THINKING ABOUT -- IS
28 THAT WE CREATE THE POSSIBILITY OF RETROACTIVE PRIVATE

1 NEIGHBORHOODS IN EXISTING NEIGHBORHOOD AREAS.

2 AND, BRIEFLY PUT, THE WAY IT WOULD WORK WOULD
3 BE I WOULDN'T LET CITIZENS -- I DON'T LIKE THE IDEA OF TOP
4 DOWN. I BASICALLY LET CITIZENS SAY OKAY, THEY COULD GET
5 TOGETHER IF THEY WANTED TO CREATE A PRIVATE NEIGHBORHOOD WITH
6 ALL THE GOVERNANCE AND SO FORTH, THEY WOULD BRING A PETITION
7 TO SOME GOVERNING BODY, THE BODY WOULD REVIEW THE PETITION,
8 THERE WOULD HAVE TO BE ISSUES OF DIVISION OF RESPONSIBILITY
9 BETWEEN THE EXISTING MUNICIPAL GOVERNMENT AND THE PRIVATE
10 NEIGHBORHOOD, AND THERE MIGHT BE SOME PAYMENTS OF COMPENSATION
11 FOR DAMAGES OR ONE THING OR ANOTHER.

12 BUT ASSUMING THAT THE BOUNDARIES LOOKED
13 REASONABLE AND THAT THE PRIVATE NEIGHBORHOODS MET CERTAIN
14 BASIC REQUIREMENTS, THE CITIZENS OF THE NEIGHBORHOOD WOULD BE
15 ABLE TO VOTE.

16 AND, IN MY THINKING, THE VOTE WOULD HAVE TO BE
17 A HIGH PERCENTAGE, CERTAINLY WELL ABOVE MAJORITY, BUT IT WOULD
18 BE WELL BELOW UNANIMITY, MAYBE 80 PERCENT WOULD BE ABOUT
19 RIGHT.

20 AND SO ESSENTIALLY, UNDER THIS PROPOSAL, THE
21 CALIFORNIA LEGISLATURE OR SOME SUCH BODY WOULD CREATE A
22 MECHANISM WHICH WOULD ESSENTIALLY ALLOW, AFTER THE FACT,
23 PRIVATE NEIGHBORHOODS.

24 AND SO IT WOULD BE PARTICULARLY RELEVANT FOR AN
25 AREA LIKE THE SAN FERNANDO VALLEY BECAUSE THAT IS EXACTLY THE
26 KIND OF PLACE, THE EXISTING HOUSING IS THERE, THE NEIGHBORHOOD
27 ASSOCIATIONS WEREN'T CREATED WHEN MUCH OF THIS HOUSING WAS
28 BUILT, SO YOU COULD ACTUALLY IMAGINE THEN A FUTURE WHERE THERE

1 WERE LARGE NUMBERS OF THESE ASSOCIATIONS SCATTERED OVER THE
2 VALLEY RETROACTIVELY CREATED IN A PRIVATE STATUS AND TAKING
3 RESPONSIBILITY FOR A WHOLE RANGE OF VERY LOCALIZED TYPES OF
4 SERVICES LIKE GARBAGE COLLECTION, BUT ALSO IMMEDIATE POLICE
5 PATROL AND POSSIBLY, IN SOME CASES, PUTTING UP THEIR OWN GATES
6 AND SO FORTH.

7 NOW, THERE HAVE BEEN OTHER PROPOSALS OF A
8 SIMILAR NATURE THAT HAVE BEEN MADE BY ROBERT NELSON AND GEORGE
9 LEIBMAN AND SO FORTH. SO I AM NOT THE ONLY ONE. THIS IDEA IS
10 STARTING TO GET AROUND A LITTLE BIT IN VARIOUS PUBLICATIONS.

11 NOW, TO CLOSE UP, JUST TO MAKE ONE LAST
12 OBSERVATION, I THINK THAT I AM VERY MUCH IN AGREEMENT WITH THE
13 KIND OF VISION THAT RON OAKERSON SUGGESTED EARLIER WHICH IS
14 THERE NEEDS TO BE A LOT MORE FLEXIBILITY OF GOVERNING
15 BOUNDARIES, IN FORMS OF GOVERNMENT AND HOW WE SET THEM UP.

16 I DON'T LIKE THE IDEA OF ACTUALLY SAYING,
17 "WHAT'S THE IDEAL SIZE OF GOVERNMENT?" I DON'T THINK YOU CAN
18 DETERMINE IT. IT CAN ONLY BE BY TRIAL AND ERROR. IT HAS TO
19 BE BY -- AND ALSO BY PRACTICAL EXPERIENCE AND THE RESULT OF
20 CITIZENS INTERACTING WITH THEIR GOVERNMENT AND EXPRESSING
21 CONTENT OR DISCONTENT.

22 TO ASK WHAT IS THE IDEAL GOVERNMENT IS ABOUT,
23 TO ME, LIKE ASKING WHAT IS THE IDEAL SIZE OF BUSINESS.
24 OBVIOUSLY, YOU DON'T ANSWER A QUESTION LIKE THAT. YOU SAY,
25 LOOK, WHAT WE HAVE ARE LAWS THAT ALLOW CONGLOMERATION OR
26 BREAKUP. AND THEN WE DISCOVER BY EXPERIENCE WHAT THE IDEAL
27 SIZE OF BUSINESS IS.

28 AND THAT IS THE WAY I WOULD SEE GOVERNANCE

1 WORKING AS WELL. AND I THINK THAT THERE NEEDS TO BE A WHOLE
2 RANGE OF ISSUES ADDRESSED HERE, ANNEXATION VERSUS
3 DEANNEXATION, AND SO FORTH.

4 ONE OF THE MOST IMPORTANT FORUMS IS THIS
5 NEIGHBORHOOD, THE IDEA OF THE ABILITY TO CREATE A
6 NEIGHBORHOOD, AND, RATHER THAN NEIGHBORHOOD GOVERNMENT, SINCE
7 WE ALREADY HAVE SO MUCH EXPERIENCE AND SO MANY PEOPLE SEEM TO
8 LIKE IT, I WOULD SAY WHY NOT PRIVATE NEIGHBORHOODS INSTEAD OF
9 PUBLIC GOVERNMENT NEIGHBORHOODS.

10 MR. SCOTT: PLEASE WRITE DOWN YOUR QUESTIONS AS WE
11 GO.

12 MR. KOTKIN: I THINK THAT'S A REAL INTRIGUING
13 BEGINNING FOR THIS PANEL.

14 AGAIN, THE IDEA OF THINKING FLEXIBLY, I THINK,
15 IS ONE OF THE REAL THINGS THAT IS GOING TO COME OUT IN THIS
16 CONFERENCE, AND I HOPE THAT WE BEGIN TO GET MORE AND MORE
17 IDEAS ABOUT DOING THINGS IN A MORE INTERESTING WAY.

18 GOVERNMENT HAS NOT BEEN NEARLY AS INNOVATIVE
19 AS THE PRIVATE SECTOR, IN PART BECAUSE IT HASN'T BEEN WILLING
20 TO INNOVATE, IT HASN'T BEEN WILLING TO TRY NEW THINGS. THAT
21 TERM "TRIAL AND ERROR" WAS PRETTY APPROPRIATE TO WHAT WE WANT
22 TO TRY WITH GOVERNMENT A LITTLE BIT MORE.

23 OUR NEXT SPEAKER, AS WE ARE GOING TO TRY TO
24 BRING THIS MORE DOWN TO A GRASS ROOTS LEVEL, DOUG MUNRO, THE
25 FOUNDER OF THE CALVERT INSTITUTE FOR POLICY RESEARCH.

26 HE IS BASED OUT OF BALTIMORE, WHICH IS ONE CITY
27 THAT IS DEFINITELY A CITY OF NEIGHBORHOODS, VERY DISTINCTIVE
28 NEIGHBORHOODS, A CITY MUCH SMALLER THAN THE CITY OF L.A. BUT

1 EVEN IN A CITY SUCH AS BALTIMORE, PEOPLE LIKE MR. MUNRO THINK
2 THAT SOME DEGREE OF DECENTRALIZATION IS STILL NEEDED.

3 MR. MUNRO: THANK YOU, JOEL. AND THANK YOU FOR
4 HAVING ME. I APPRECIATE IT.

5 FOLKS LIKE ME GENERALLY TRY TO START OFF THESE
6 THINGS WITH A PITHY AND RELEVANT QUOTE, WHICH I DO NOT KNOW
7 OFF THE TOP OF MY HEAD, SO WE GET THEM OUT OF THE QUOTE
8 DICTIONARY.

9 I WAS LOOKING THROUGH MINE LAST NIGHT AND
10 DIDN'T HAVE A CHAPTER ON LOCAL GOVERNMENT. BUT I DID FIND A
11 VERY FUNNY QUOTE WHICH IS RELEVANT TO NOTHING, BUT I SIMPLY
12 HAVE TO SHARE IT WITH YOU, AND DAVID FLEMING MENTIONED A
13 MINUTE AGO THE BRITISH PARLIAMENT, BROUGHT IT TO MIND.

14 IN 1888 A BILL WAS INTRODUCED IN BRITISH
15 PARLIAMENT WHICH WOULD HAVE -- WITH MARRIAGE LAWS. BENJAMIN
16 DISREALI, THE GREAT PRIME MINISTER, STOOD UP AND SAID,
17 "HONORABLE MEMBERS, I UNDERSTAND THE BILL BEFORE US WOULD
18 PROHIBIT A MAN FROM MARRYING HIS MOTHER-IN-LAW. I SHOULD HAVE
19 THOUGHT THIS WOULD BE THE HEIGHT OF UNNECESSARY LEGISLATION."

20 IT PERTAINS TO NOTHING, BUT I JUST HAD TO SHARE
21 THAT WITH YOU.

22 LET ME START BY TELLING YOU WHO I AM NOT; I AM
23 NOT GEORGE LEIBMAN, THOUGH I AM REPRESENTING GEORGE LEIBMAN
24 WHOM BOB MENTIONED A SECOND AGO.

25 GEORGE RECENTLY, ABOUT NINE MONTHS AGO, WROTE
26 THIS REPORT WHICH IS OUT ON THE TABLE IN THE BACK THERE. HE
27 WROTE THIS REPORT FOR AN ORGANIZATION THAT I USED TO BE THE
28 PRESIDENT OF. IT'S ALL VERY CONVOLUTED, I'M AFRAID. BUT THE

1 LONG AND SHORT OF IT IS GEORGE COULDN'T BE HERE. AND, AS I
2 EDITED HIS REPORT, I AGREED TO COME.

3 THE TITLE OF GEORGE'S REPORT IS "A CONTRAST TO
4 REGIONALISM." THE REASON FOR THAT IS THIS REGIONALISM THING
5 IS THE CURRENT GREAT DEBATE IN BALTIMORE AND CENTRAL MARYLAND.

6 REGIONALISM OBVIOUSLY MEANS DIFFERENT THINGS TO
7 DIFFERENT PEOPLE. BUT AS FAR AS WE ARE CONCERNED, WHAT IS
8 IMPORTANT FOR US TO REMEMBER IN THIS ROOM IS THAT AS FAR AS
9 THE AVERAGE BALTIMORAN IS CONCERNED, IT MEANS ACCESS TO OTHER
10 PEOPLE'S MONEY.

11 GEORGE AND I ARE NOT NECESSARILY OPPOSED TO
12 THIS, INCIDENTALLY, BUT WE THINK IT SHOULD BE A SECOND STEP
13 AFTER BALTIMORE HAS PUT ITS OWN HOUSE IN ORDER.

14 WHAT I AM GOING TO DO OVER THE NEXT COUPLE
15 MINUTES, NEXT FEW MINUTES, IS TELL YOU HOW BALTIMORE'S HOUSE
16 IS NOT IN ORDER AND THEN APPLY SOME OF WHAT BOB HAS SAID ABOUT
17 PRIVATE NEIGHBORHOODS, SORT OF PUT THEM IN A BALTIMORE CONTEXT
18 AND THEN TRY AND PUT THE WHOLE THING IN A SECESSION CONTEXT.

19 THE BOTTOM LINE IS, AS FAR AS WE ARE CONCERNED,
20 IS BALTIMORE SIMPLY HAS GOT TO IMPROVE ITS OWN EFFICIENCY IN
21 TERMS OF PROVIDING SERVICE BEFORE IT LOOKS TO TAPPING ANYONE
22 ELSE'S MONEY. YOU WOULD THINK THAT IS COMMON SENSE, BUT ON
23 THE EAST COAST, SADLY THESE THINGS ARE NOT COMMON SENSE.

24 IF I CAN, I WILL GIVE YOU A LITTLE BIT OF
25 BACKGROUND ABOUT BALTIMORE. IT IS A VERY POOR CITY. ABOUT 25
26 PERCENT OF THE POPULATION IS BELOW THE POVERTY LINE. IT'S THE
27 FIFTH MOST VIOLENT CITY IN THE COUNTRY. IT HAS THE FIFTH
28 HIGHEST AIDS RATE IN THE COUNTRY. IT HAS THE FIFTH --

1 EVERYTHING IS FIFTH, APPARENTLY -- IT HAS THE FIFTH HIGHEST
2 ILLEGITIMACY RATE IN THE COUNTRY. YOU GET THE IDEA.

3 THEY ARE SURROUNDED, HOWEVER, BY SOME VERY
4 PROSPEROUS SUBURBS, AND IT IS THEIR MONEY THAT BALTIMORE WANTS
5 TO GET THEIR HANDS ON, NOT SURPRISINGLY.

6 MY FRIEND, FRED SEIGEL, WHO IS AN URBAN
7 HISTORIAN AT THE COOPER UNION COLLEGE IN NEW YORK, SAYS THAT
8 BALTIMORE AT THE TURN OF THE 21ST CENTURY REMINDS HIM A LOT OF
9 BOSTON AT THE TURN OF THE 20TH CENTURY, WHICH IS TO SAY IT'S A
10 CITY DOMINATED BY PATRONAGE POLITICS SERVED BY A VAST, THOUGH
11 POORLY PAID, POORLY SKILLED MUNICIPAL WORK FORCE; IT'S A CITY
12 WHERE CITY EMPLOYMENT HAS UNABASHEDLY BEEN USED AS A MEANS OF
13 REDUCING UNEMPLOYMENT, WHICH TRADITIONALLY RANGES FROM ABOUT
14 SEVEN AND A HALF TO NINE AND A HALF PERCENT; AND IT'S A CITY
15 WHERE APPEASING IN PUBLIC SECTOR UNIONS IS BEING CONSIDERED
16 MORE IMPORTANT THAN APPEASING IN THE MIDDLE CLASS, WHICH
17 PREDICTABLY HAS VOTED WITH ITS FEET IN DROVES.

18 THE 1997 STUDY BY THE CALVERT INSTITUTE, THE
19 ORGANIZATION I USED TO RUN, FOUND THAT BALTIMORE'S PER CAPITA
20 MUNICIPAL EMPLOYMENT, BY FUNCTION WAS VASTLY HIGHER THAN FIVE
21 COMPARABLE RUST BELT CITIES WE EXAMINED, AND THE SAME WENT FOR
22 MUNICIPAL SPENDING, EVEN WHEN ADJUSTING FOR DIFFERENT
23 PURCHASING POWER ON THE DOLLAR IN VARIOUS PARTS OF THE
24 COUNTRY.

25 SPEAKING OF THE TURN OF THE CENTURY, THAT
26 BRINGS TO MIND BALTIMORE'S OTHER DOMINANT CHARACTERISTIC WHICH
27 IS RACE POLITICS. BALTIMORE WAS THE FIRST CITY IN THE COUNTRY
28 TO ENACT A MUNICIPAL HOUSING SEGREGATION ORDINANCE IN 1904 AND

1 ANOTHER ONE IN 1911 AFTER THE SUPREME COURT STRUCK OUT THE
2 FIRST ONE.

3 BEYOND THAT, UNTIL PROBABLY 30 YEARS AGO --
4 BALTIMORE IS A -- YOU TALK ABOUT FEUDALISM, THIS IS A FEUDAL
5 CITY, FOLKS, BELIEVE ME. BALTIMORE IS NOT LIKE HERE; YOU HAVE
6 GOT TO UNDERSTAND THAT.

7 UNTIL PROBABLY 30 YEARS AGO, I WOULD SAY, WHICH
8 IS BEFORE MY TIME -- I HAVE BEEN IN BALTIMORE FOR 13 1/2
9 YEARS. I'M FROM BRITAIN ORIGINALLY, WHICH ALLOWS ME TO TAG
10 MYSELF AS ANOTHER BRITISH EXPERT. IT WORKS SO WELL FOR
11 JEREMY.

12 BEFORE ABOUT 30 YEARS AGO, THERE WAS NOT EVEN
13 TERRIBLY MUCH INTERACTION AMONG DIFFERENT TYPES OF WHITES,
14 WHICH IS TO SAY JEWS, CATHOLICS, PROTESTANTS, AND SO ON.

15 BEFORE ABOUT TEN YEARS AGO THERE WERE NO OTHER
16 RACIAL GROUPS IN STATISTICALLY SIGNIFICANT NUMBERS APART FROM
17 WHITES AND BLACKS. EVEN NOW THE HISPANIC AND ASIAN
18 POPULATION, I DOUBT IF IT AMOUNTS TO 2% OF THE OVERALL
19 POPULATION.

20 I WANT TO DIGRESS AND TELL YOU ANOTHER FUNNY
21 STORY. THIS ONE ACTUALLY IS RELEVANT. A RETIRED PROFESSOR
22 AND HIS WIFE, FRIENDS OF MY PARENTS, TELL THE STORY WHEN THEY
23 ARRIVED IN BALTIMORE IN THE LATE '60S. THE HUSBAND WAS GOING
24 TO TEACH AT JOHNS HOPKINS, AND THEY WERE LOOKING FOR HOUSING,
25 NEW IN TOWN, AND IT WAS VERY IMPORTANT TO THEM TO LIVE IN AN
26 INTEGRATED NEIGHBORHOOD. SO THEY WERE LOOKING AT SOME HOUSES
27 JUST NORTH OF BALTIMORE. AND THEY SAID TO THE REALTOR, "IS
28 THIS AN INTEGRATED NEIGHBORHOOD BECAUSE THAT IS IMPORTANT TO

1 US?" THEY SWEAR THIS IS TRUE. THE REALTOR LOOKED AT THEM AND
2 SAID, "WHY, YES, SIR, WE HAVE HAD CATHOLICS HERE FOR ABOUT TEN
3 YEARS."

4 THAT'S BALTIMORE, THAT'S HOW IT WORKS. AND
5 THAT MAY SEEM LAUGHABLE NOW, BUT THIS SORT OF BIZARRE
6 RESIDENTIAL CLANISHNESS HAS LEFT AN IMPORTANT LEGACY WHICH IS
7 VERY, VERY STRONG NEIGHBORHOOD IDENTITY THAT JOEL WAS TALKING
8 ABOUT, AND IT'S THAT THAT GEORGE LEIBMAN'S PLAN FOR DEVOLUTION
9 WOULD BUILD ON, TO PUT IT IN A NUTSHELL, BASICALLY BY
10 INVOLVING CITY AUTHORITY DOWN TO NEIGHBORHOOD ASSOCIATIONS.

11 IF YOU COULD JUST BRING UP MAP 1. THIS DOESN'T
12 EAT INTO MY TIME, JOEL.

13 HERE WE GO. THIS IS BALTIMORE HERE. TO GIVE
14 YOU SOME IDEA, THE DEPTH OF THAT IS 11 MILES FROM TOP TO
15 BOTTOM, AND THE MAXIMUM WIDTH IS NINE MILES. IT'S 80.2 SQUARE
16 MILES OF LAND AND ABOUT ANOTHER TEN SQUARE MILES OF WATER. SO
17 THIS IS PRETTY SMALL.

18 BROADLY SPEAKING, THE RACIAL DISTRIBUTION,
19 WHICH IS VERY IMPORTANT FOR REASONS I AM GOING TO TALK ABOUT
20 LATER ON, IS THE NORTH CENTRAL AREA, JUST THE CAPITOL, AND IS
21 FAIRLY WEALTHY AND ALSO ALL WHITE.

22 THE SOUTHEAST AREA IS WORKING CLASS WHITE.

23 THE SOUTHERN AREA IS SOME YUPPIES AND SOME
24 WORKING CLASS WHITES.

25 AND ALMOST ALL THE REST OF THE CITY IS
26 AFRICAN-AMERICAN WITH A FEW LATINOS AND ASIANS SCATTERED
27 THROUGHOUT, BUT IN NO IDENTIFIABLE AREAS. THAT WILL BECOME
28 IMPORTANT LATER ON AS WE MOVE INTO THE TALK.

1 WITHIN THESE PLANNING DISTRICTS HERE -- THOSE
2 ARE OUTLINES OF CITY PLANNING DISTRICTS, INCIDENTALLY --
3 WITHIN EACH THOSE AREAS, ALL TOLD, THERE ARE ABOUT 900
4 RESIDENTIAL ASSOCIATIONS. SOME OF THEM ARE DEFUNCT.

5 THERE ARE HUGE OVERLAPPING BORDERS, THAT SORT
6 OF THING. NONETHELESS, THERE ARE 900 OF THESE THINGS PLUS
7 THREE SPECIAL TAXING DISTRICTS.

8 NONE OF THESE IS A GOVERNMENT ENTITY, BUT SOME
9 OF THEM ARE VERY ENTHUSIASTICALLY RUN BY VERY COMPETENT
10 VOLUNTEERS, AND IT IS THOSE FOLK THAT GEORGE WANT TO HARNESS.
11 BASICALLY HE WANTS THOSE PEOPLE TO TAKE OVER A LOT OF THE
12 CURRENT CITY GOVERNMENT'S ARRAY OF FUNCTIONS.

13 A LOT OF THIS IS COMMON SENSE. IT WAS ONLY
14 DARING IN THE BALTIMORE CONTEXT. AND THE REASON FOR THAT IS
15 BALTIMORE IS AN ABSOLUTELY, BAR NONE, THE MOST CENTRALIZED
16 CITY IN THE COUNTRY.

17 FOR A START, IN COMMON WITH ST. LOUIS,
18 MISSOURI, AND ONE OR TWO CITIES IN VIRGINIA, IT'S AN
19 INDEPENDENT CITY; IT'S NOT PART OF BALTIMORE COUNTY, WHICH
20 SURROUNDS IT. IT WAS CARVED OUT OF BALTIMORE COUNTY IN 1854.
21 SINCE THEN, IN EFFECT, IT HAS BEEN AN INDEPENDENT URBAN
22 COUNTY, IN ITS OWN RIGHT, AND THAT'S HOW IT IS COUNTED. THAT
23 IS ITS STANDING AS FAR AS MARYLAND LAW IS CONCERNED.

24 IT'S PRETTY DENSELY POPULATED. IN 1950 THE
25 POPULATION WAS JUST SHY OF A MILLION WITHIN THOSE CITY LIMITS,
26 AND IT ACCOUNTED FOR 40 PERCENT OF THE STATE POPULATION.

27 SINCE THEN THE POPULATION DECLINE HAS BEEN
28 ABSOLUTELY CALAMITOUS, 625,000 NOW. IT ACCOUNTS FOR JUST 12

1 PERCENT OF THE CITY'S POPULATION. MASS POWER, ABSOLUTELY
2 HUGE. NONE OF THE CITY AGENCY HEADS OR HEAD OF ITS CABINET
3 PEOPLE ARE ELECTED. THEY ARE ALL ITS OWN APPOINTMENTS.

4 THE ONLY OTHER ELECTED OFFICIAL -- THE CITY
5 COUNCIL PEOPLE AND THE CITY AUDITOR AND THERE IS THE MAYOR.
6 THAT IS IT. EVERYONE ELSE IS APPOINTED, INCLUDING, UNTIL
7 RECENTLY, THE SCHOOL BOARD, THOUGH THAT RIGHT WAS CEDED TO THE
8 GOVERNOR IN RETURN FOR SOME MONEY A COUPLE OF YEARS AGO.

9 INTERESTINGLY, THE MAYOR HAS NOT BEEN ABLE TO
10 AFFORD THE LUXURY OF THIS POWER. AND ONE OF THE PRINCIPAL
11 CHARACTERISTICS OF LOCAL GOVERNMENT IN THE PAST 20 YEARS HAS
12 BEEN SHEDDING OF POWER TO THE STATE.

13 THE COMMUNITY COLLEGE, JAILS, THE SCHOOLS, IN
14 ALL BUT NAME, THE AIRPORT, ALL THOSE CEASED TO BE CITY
15 FUNCTIONS AND HAVE BECOME STATE FUNCTIONS.

16 BY THE WAY, IT SAYS A LITTLE ABOUT MARYLAND.
17 ANYWHERE ELSE A MONEY LOSING AIRPORT WOULD BE PRIVATIZED, BUT
18 IN THE SOCIALIST REPUBLIC, IT IS TURNED OVER TO THE STATE.

19 THE RESPONSE OF THE INTELLECTUAL CLASSES HAS
20 BEEN REGIONALISM -- CAN WE BRING UP MAP 2, PLEASE -- BY WHICH
21 THIS SORT OF MEGAGOVERNMENT WOULD BE SUPERIMPOSED OVER WHAT
22 YOU SEE THERE.

23 THE BLACK SORT OF SQUARE-SHAPED THING IS
24 BALTIMORE CITY, AND OTHER SHADED AREAS ARE THE COUNTIES.
25 THOSE ARE COUNTED BY CENSUS BUREAU AS MAKING METROPOLITAN
26 STATISTICAL DISTRICTS AREA.

27 AND WHAT FOLKS LIKE DAVID ROSS, THE FORMER
28 MAYOR OF ALBUQUERQUE WHO WROTE A BOOK IN 1995, "BALTIMORE

1 UNBOUND," THEY WOULD LIKE TO SUPERIMPOSE A LAYER OF GOVERNMENT
2 OVER WHAT YOU SEE THERE, WITH THE EXPRESS FUNCTION OF
3 REDISTRIBUTING WEALTH FROM THE WEALTHY GRAY AREAS TO THE
4 DOWNTOWN BALTIMORE AREA THERE.

5 GEORGE AND I DON'T THINK THAT IS NECESSARILY A
6 GOOD IDEA FOR REASONS WE HAVE ALL HEARD OVER THE COURSE OF A
7 DAY ABOUT THE LACK OF ECONOMIES OF SCALE AND THAT SORT OF
8 THING. WE REALLY DON'T THINK THAT TO DIFFERENTIATE THIS WOULD
9 NOT BE AN AMALGAMATION, THIS WOULD NOT BE A REPLACEMENT LAYER
10 OF GOVERNMENT AS IN WINNIPEG, THESE CANADIAN CITIES; THIS
11 WOULD BE ANOTHER LAYER OF GOVERNMENT WEDGED BETWEEN THE
12 COUNTIES AND THE STATE GOVERNMENT.

13 WE DON'T THINK THERE IS ANYTHING TO BE GAINED
14 BY THAT. WHAT GEORGE PROPOSES INSTEAD IS DECENTRALIZATION TO
15 A BLANKET OF NEIGHBORHOOD SPECIAL TAX DISTRICTS -- NEXT MAP
16 PLEASE -- SUCH AS THE THREE THAT ALREADY EXIST. THAT IS THE
17 DARKER AREAS.

18 EACH OF THESE HAS A POPULATION OF ABOUT
19 14,000. THEY ARE PRETTY SMALL.

20 THE OTHER LINES ON THE MAP REPRESENT CENSUS
21 TRACTS, SO YOU CAN SEE EACH OF THESE TAX DISTRICTS, MAYBE
22 TWO, THREE CENSUS TRACTS AT THE MOST. THEY ARE PRETTY SMALL.

23 I LIVE IN THE FURTHEST NORTH, THE ONE CALLED
24 CHARLES VILLAGE.

25 RIGHT NOW THESE TAX DISTRICTS MAY ONLY AUGMENT
26 MUNICIPAL POWER. WHAT GEORGE WOULD LIKE TO DO IS SEE THEM
27 ABSORB -- SUPPLEMENT MUNICIPAL POWER AND THEN HAVE ANOTHER 20
28 OR 30 OF THEM OVER THE CITY.

1 SO THE CITY IN A SENSE WOULD SORT OF BECOME A
2 FEDERATION OF TAX DISTRICTS, AS OPPOSED TO A HUGE UNIFIED
3 ENTITY WHICH IT IS RIGHT NOW.

4 I HAVE GOT OVER ABOUT THREE PAGES OF STATS
5 PROVING JUST WHY THAT'S A GOOD IDEA IN TERMS OF MONEY SAVING,
6 SO I WON'T GOING INTO IT AS WE HAVE HEARD SO MUCH TODAY ABOUT
7 IT, THE LACK OF ECONOMIES OF SCALE.

8 LET ME JUST SAY THIS: WE OCCASIONALLY
9 ENCOUNTERED THE ARGUMENT ABOUT ECONOMIES OF SCALE. IN
10 BALTIMORE CITY OUR TRASH COLLECTION ROUTES HAS NOT BEEN
11 UPDATED SINCE 1950. IT IS ABSOLUTELY INCONCEIVABLE THAT TRASH
12 COLLECTION IS MORE EFFICIENTLY DONE BY THE CITY, GIVEN WHAT I
13 JUST SAID, THAN CAN BE PROVIDED BY SPECIAL TAX DISTRICTS
14 ADEQUATELY CONTRACTED OUT.

15 ALL THESE DISTRICTS ARE ALLOWED, THEY ARE NOT
16 FORCED TO USE UNION LABOR, WHICH IS NOT THE CASE IN MUNICIPAL
17 AGENCIES, ALL OF WHICH HAVE TO -- EVEN IF THERE WERE ECONOMIES
18 OF SCALE, THERE WOULD BE NOTHING TO STOP THEM BANDING TOGETHER
19 TO BUY SERVICES TOGETHER, AS IT WERE.

20 LET'S HAVE THE NEXT MAP.

21 AND THIS IS VERY CRUCIAL TOO. THIS IS THE ONE
22 WHERE I LIVE. THIS IS THE CHARLES VILLAGE, THE FURTHEST
23 NORTH, THE THREE TAX DISTRICTS. I LIVE IN SORT OF THE
24 NORTHERN EXTREMITY. AS YOU CAN SEE, IT IS ABOUT 14 BLOCKS BY
25 FIVE BLOCKS, PRETTY SMALL.

26 IT PROVIDES EXTRA SANITATION SERVICE PRETTY
27 WELL AND VERY CHEAPLY AND PROVIDES EXTRA SECURITY SERVICE VERY
28 WELL AND VERY CHEAPLY.

1 WE THINK THAT ANOTHER 20 OR 30 OF THESE CAN DO
2 MOST OF WHAT THE CITY DOES AND CAN DO IT BETTER AND CHEAPER.

3 THAT IS BASICALLY IT, AND I AM TOLD STOP. SO I
4 WON'T STOP, BUT I WILL GET TO THE LAST PAGE.

5 I WILL TIE THIS IN WITH SECESSION.
6 SOMEBODY ASKED ME LAST NIGHT, WHY DON'T YOU JUST, INSTEAD OF
7 HAVING ALL THIS SORT OF PATCH WORK, THESE LITTLE THINGS HERE,
8 WHY DON'T YOU TAKE THE SORT OF THE MORE EFFICIENT PARTS OF
9 BALTIMORE, WHY DON'T YOU JUST PULLOUT ALTOGETHER?

10 THERE ARE NUMEROUS REASONS FOR THAT, SOME OF
11 WHICH ARE PERTINENT IN YOUR CASE AND SOME OF WHICH ARE NOT.

12 TO TURN TO THE MARYLAND SPECIFIC STUFF, THE
13 QUESTION IS WHERE WOULD WE SECEDE TO.

14 AS I MENTIONED, BALTIMORE CITY IS NOT PART OF
15 BALTIMORE COUNTY, SO THE SECEDED BITS OF BALTIMORE WOULD NOT
16 QUALIFY FOR COUNTY SERVICES BECAUSE THEY ARE NOT PART OF THE
17 COUNTY. THAT IS A CRUCIAL CONSIDERATION. THEY WOULD HAVE TO
18 BE ANNEXED BY THE COUNTY, AND NO PART OF THE COUNTY IS GOING
19 TO ANNEX ANY PART OF THE CITY; IT IS SIMPLY NOT GOING TO
20 HAPPEN. SO THAT IS NUMBER 1.

21 AND, SECOND, EVEN IF THE SECEDED PARTS OF THE
22 CITY WERE INCORPORATED WITHIN THE COUNTY, I DON'T THINK THAT
23 WOULD GET US THE LEVEL OF LOCAL CONTROL WE ARE LOOKING FOR.

24 THIS BRINGS ME TO SOMETHING OF INTEREST TO
25 YOU. THE BALTIMORE COUNTY EXECUTIVE IS JUST AS POWERFUL AND
26 JUST AS CENTRALIZED AS THE BALTIMORE CITY MAYOR. SO IN
27 EFFECT, YOU WOULD SIMPLY BE EXCHANGING AN INEFFICIENT
28 LEVIATHON FOR A SLIGHTLY MORE EFFICIENT LEVIATHON.

1 ALSO THERE ARE RACE POLITICS TO TAKE INTO
2 CONCERN. ANY SECESSION MOVEMENT IN BALTIMORE WOULD SIMPLY
3 LOOK LIKE WEALTHY WHITE FOLKS TRYING TO ESCAPE A MAJORITY
4 BLACK CITY.

5 I UNDERSTAND THAT THAT IS NOT ENTIRELY HOW
6 THINGS WORK HERE, BUT I THINK IT IS A CONSIDERATION I REALLY
7 THINK YOU OUGHT TO TAKE INTO ACCOUNT IN YOUR PUBLIC RELATIONS
8 CAMPAIGN.

9 IF THE MEDIA GETS EVEN THE SMALLEST WHIFF OF
10 YOUR DETACHMENT MOVEMENT LOOKING LIKE SORT OF LEGALLY
11 SANCTIONED WHITE FLIGHT, THEN THE NEGATIVE PR I AM SURE WOULD
12 ABSOLUTELY DOOM THE THING.

13 SO ON A SCHEME SUCH AS I AM PROPOSING, YOU
14 SHOULD MAYBE THINK ABOUT HERE, IN EFFECT, YOU GET ALL THE
15 BENEFITS OF SECESSION. YOU GET LOCAL CONTROL, TRULY LOCAL
16 CONTROL, IN AREAS OF 15 TO 20 THOUSAND PEOPLE. HERE IT IS 15
17 TO 20 THOUSAND PEOPLE, AND YOU DON'T GET ANY OF THE NEGATIVE
18 PR BECAUSE WHO CAN ARGUE AGAINST LOCAL CONTROL. THAT IS
19 SOMETHING EVERYBODY WANTS.

20 SO I WILL LEAVE YOU WITH THAT. IF YOU HAVE ANY
21 QUESTIONS, PLEASE ASK.

22 THANK YOU.

23 MR. KOTKIN: I THINK ONE OF THE THINGS MAYBE WE WILL
24 BE ABLE TO GET INTO IN THE DISCUSSION IS INCREASINGLY ONE HAS
25 TO WONDER WHAT IS LEFT AND WHAT IS RIGHT IN THESE DISCUSSIONS
26 BECAUSE LOCAL CONTROL AND DEMOCRACY IS TRADITIONALLY SEEN AS
27 THE LIBERAL CAUSE, AND YET SOMETIMES LIBERALS ARE THE ONES WHO
28 LEAST WANT IT.

1 AND I THINK THAT THESE INNOVATIVE SOLUTIONS --
2 ONE ON THE PRIVATE SIDE, ONE ON THE PUBLIC SIDE -- MAY HAVE A
3 LOT MORE TO DO WITH WHAT I WOULD SEE AS BEING PART OF WHAT THE
4 DEMOCRACY WANTS IN TERMS OF PROMOTING DEMOCRACY.

5 AND, BY THE WAY, I HAVE BEEN TO BALTIMORE, AND
6 I HAVE BEEN ON THE CHARLES, THE CHARLES STREET CORRIDOR, AND
7 IT REALLY IS ONE OF THOSE PLACES IN BALTIMORE WHERE YOU CAN
8 WALK, AND REALLY IT IS QUITE PLEASANT FOR A DECENT PERIOD OF
9 TIME, AND YOU CAN SEE THE DIFFERENCE.

10 THESE BUSINESS IMPROVEMENT DISTRICTS ALL OVER
11 THE COUNTRY HAVE BEEN MAKING A LOT HAPPEN. IT REALLY IS A
12 KIND OF GRASS ROOTS GOVERNMENT THAT SEEMS TO WORK.

13 OUR LAST SPEAKER IS EDWARD SCHWARTZ WHO IS
14 PRESIDENT OF THE INSTITUTE FOR THE STUDY OF CIVIC VALUES.

15 SINCE SOME PEOPLE HERE WANT TO START A CITY, IT
16 IS PROBABLY NOT A BAD PLACE TO START. IT'S AN ORGANIZATION HE
17 FOUNDED IN 1973. HE ALSO, I GUESS -- I WON'T CALL HIM
18 VAGABOND, BUT HE WAS A COUNCILMAN-AT-LARGE IN PHILADELPHIA,
19 DIRECTED THE PHILADELPHIA'S OFFICE OF HOUSING AND COMMUNITY
20 DEVELOPMENT.

21 LIKE BALTIMORE, THERE ARE SOME SIMILARITIES
22 BETWEEN THE TWO CITIES. THESE ARE -- WHAT'S INTERESTING,
23 THESE ARE MODELS THAT HAVE BEEN DEVELOPED IN CONDITIONS THAT
24 IN SOME WAYS ARE HARsher THAN THE CONDITIONS WE FACE HERE IN
25 THE SAN FERNANDO VALLEY, AND I THINK WE COULD LEARN A LOT FROM
26 THEM.

27 SO, MR. SCHWARTZ.

28 MR. SCHWARTZ: I WAS ADVISED TO PULL THE MIC UP.

1 GOOD MORNING, OR AFTERNOON, WHATEVER IT IS, IN
2 WHATEVER TIME ZONE ONE MIGHT BE. I AM IN THE MIDST OF TWO OF
3 THEM.

4 I WANT TO SAY A WORD ABOUT MY OWN WORK. I AM
5 AN ACTIVIST FOR ABOUT 40 YEARS. A DECADE SPENT IN THE STUDENT
6 MOVEMENT IN THE 60S, I GREW UP IN SCARSDALE, NEW YORK, WENT TO
7 OVERLAND COLLEGE. SO THAT WAS THE SECOND LOCATION WHERE I
8 LIVED.

9 THEN WHEN I WAS NATIONAL PRESIDENT OF THE
10 NATIONAL STUDENT ASSOCIATION IN THE LATE '60S, I LIVED IN
11 WASHINGTON.

12 THEN I MOVED TO BOSTON FOR THREE YEARS,
13 CAMBRIDGE, AND CAME TO PHILADELPHIA 1971, '72, TO ESSENTIALLY
14 PURSUE THE KIND OF CIVIC IDEALISM AND DEMOCRATIC POLITICS THAT
15 I HAD EVOLVED AND ESPOUSED AS AN ACTIVIST IN THE '60S.

16 I DO HAVE A DOCTORATE IN POLITICAL PHILOSOPHY,
17 WHICH WILL COME OUT IN THE NATURE OF MY REMARKS.

18 MUCH OF WHAT I HAVE DONE IS TO DO -- TO APPLY
19 WHAT IT IS I HAVE TRIED TO DO IN THE COURSE OF THE WORK. AND
20 IN THE 1970'S I WAS PART OF THIS NEIGHBORHOOD MOVEMENT THAT
21 HAS BEEN CHARACTERIZED HERE, AN OLD FRIEND OF MINE, HARRY
22 BOYTE, AND WOULD NOT CHARACTERIZE IT EXACTLY AS IT HAS BEEN.

23 IN 1983 I DID BECOME A CITY
24 COUNCILMAN-AT-LARGE, RUNNING ON A NEIGHBORHOOD AGENDA.
25 PHILADELPHIA HAS A COUNCIL OF 17 MEMBERS, 10 OF WHICH ARE
26 DISTRICT MEMBERS AND SEVEN AT LARGE. I WAS ONE OF THESE LARGE
27 MEMBERS.

28 FROM THERE I DID DIRECT THE CITY'S OFFICE OF

1 HOUSING AND COMMUNITY DEVELOPMENT DURING THE EXECUTIVE BRANCH
2 AND WAS IN CHARGE OF DISBURSING THE COMMUNITY DEVELOPMENT
3 BLOCK GRANT, WHICH HERE IN LOS ANGELES AND ELSEWHERE IS USED
4 FOR COMMUNITY BUILDING, PRIMARILY IN TERMS OF PHYSICAL
5 DEVELOPMENT.

6 AND SINCE 1992 I HAVE BEEN BACK AS AN ACTIVIST
7 AGAIN WORKING ON HOW YOU BROADEN THE RELATIONSHIP BETWEEN
8 CITIZENS AND GOVERNMENT, HOW YOU PROMOTE ECONOMIC OPPORTUNITY.

9 AND, AS A PART OF BOTH, WE CAN USE THE INTERNET
10 TO ACHIEVE BOTH THOSE GOALS. TO ME THE GOAL HAS ALWAYS BEEN
11 CIVIC EMPOWERMENT AND CITIZEN EMPOWERMENT, AND THE WORK HAS
12 ALWAYS BEEN FINDING WAYS TO HELP CITIZENS AND GOVERNMENT TO
13 CONNECT TO EACH OTHER AROUND THE GOALS THAT WE MUTUALLY SHARE.

14 I GUESS THE CORE QUESTION I AM GOING TO TRY TO
15 ADDRESS IN MY REMARKS IS: TO WHAT END? WE USE LANGUAGE LIKE
16 SERVICES AND EFFICIENCY AND WHATEVER, IT'S ALL KIND OF AIRY.
17 AND WHAT EXACTLY IS IT WE ARE TRYING TO ACCOMPLISH?

18 AND I WOULD ALSO SUGGEST THAT WHILE THERE HAS
19 BEEN A TERRIFIC DISCUSSION OF GOVERNMENT HERE, THE OTHER SIDE
20 OF IT HAS TO DO WITH THE NATURE OF CITIZENSHIP ITSELF.

21 WE HAVE HEARD THAT 125,000 IS ONE LEVEL OF
22 CIVIC. PEOPLE WANT TO LIVE IN CITIES OF 25,000.

23 FROM THE SHEER STANDPOINT OF THE HISTORY OF
24 DECENTRALIZATION, IF YOU WILL, PLATO FELT THAT THE IDEAL CITY
25 WAS 5,040 MEMBERS. THAT WAS THE ONLY NUMBER THAT WAS EVENLY
26 DIVISIBLE BY EVERY DIGIT FROM ONE TO TEN SO YOU COULD CREATE
27 UNITS THAT WOULD BE COMPLETELY EQUITABLE ON THAT BASIS.

28 SOME CENTURIES LATER THE SOCIAL CONTRACT WOULD

1 BE LEGITIMATE TO A CITIZEN ONLY IF THE COMMUNITY WERE NO
2 LARGER THAN 2,000 PEOPLE. AND IN THIS COUNTRY, CONTRARY TO
3 WHAT WAS SAID, THERE WAS A VAST ANTIFEDERALIST MOVEMENT, NOT
4 ONLY IN THE NEIGHBORHOOD, BUT IN THE NAME OF THE KINDS OF
5 COMMUNITIES THAT WERE NO BIGGER THAN THE NEIGHBORHOODS WE ARE
6 DESCRIBING HERE.

7 THE ENTIRE BATTLE OVER THE UNITED STATES
8 CONSTITUTION WAS IN FACT A BATTLE OF WHETHER WE WOULD HAVE A
9 NATIONAL GOVERNMENT THAT WOULD SUPERSEDE AND CREATE GREATER
10 FEDERAL POWER OVER ALL LOCAL GOVERNMENTS, AND THE
11 ANTIFEDERALISTS WERE DEEPLY CONCERNED ABOUT THE KIND OF
12 CENTRALIZATION BEING PROPOSED BECAUSE THEY BELIEVED THAT
13 AMERICA HAD TO EVOLVE AS AN AGRARIAN DECENTRALIZED SOCIETY IN
14 WHICH THERE WERE RELATIVELY STRONG COMMUNITIES THAT COULD
15 EXERT SOME INFORMAL CONTROL OVER THE DECISIONS THAT AFFECTED
16 OUR LIVES.

17 THE ANTIFEDERALISTS REALLY LOST THAT ARGUMENT;
18 AND IN LOSING IT, WE HAVE GAINED WHATEVER A NATIONAL
19 GOVERNMENT WAS SUPPOSED TO PROVIDE US. AND THE SAME ARGUMENTS
20 THAT IN FACT WERE MADE OVER THE FEDERAL GOVERNMENT CAN BE
21 APPLIED DOWN TO CITIES AND WHATEVER.

22 WE BOUGHT INTO A LEVEL OF GOVERNMENTAL WORK
23 THAT IN FACT IS IMPORTANT TO WHAT WAS PERCEIVED TO BE
24 NATIONAL SAFETY AND, EVEN MORE IMPORTANT OR AS IMPORTANT,
25 COMMERCE.

26 BUT THE POINT THAT ALL ANTIFEDERALISTS MADE WAS
27 THAT THERE WERE REAL TRADE-OFFS AND THAT AT SOME POINT OR
28 ANOTHER YOU COULD NOT HAVE BOTH. THE IRON LAW OF OLIGARCHY,

1 AS MICHELS PUT IT, IS AN IRON LAW. THE LARGER THE NUMBER OF
2 COMMUNITY PEOPLE IN A COMMUNITY, THE SMALLER THE PERCENTAGE OF
3 PEOPLE WHO WILL MAKE THE DECISIONS IN IT.

4 IN THIS ROOM IF EACH PERSON WERE PERMITTED TO
5 SPEAK FOR FIVE MINUTES, WE WOULD BE HERE FOR SEVERAL HOURS.
6 SO EVERYBODY DOESN'T SPEAK.

7 AND IN THE CITY OF LOS ANGELES IF EACH PERSON
8 WERE ASKED TO SPEAK FOR FIVE MINUTES, WE WOULD BE HERE FOR
9 SEVERAL WEEKS. SO, NEEDLESS TO SAY, EVERYONE DOESN'T SPEAK.

10 MY COMMENT THEREFORE IS THAT IF YOU APPROACH
11 DEMOCRATIC POLITICS AS I HAVE WITH THAT UNDERSTANDING, YOU
12 KNOW FROM THE BEGINNING THAT IN FACT YOU ARE GOING TO LIVE A
13 LIFE IN WHICH THIS IDEAL IS COMPROMISED. IT IS INHERENTLY
14 COMPROMISED BY THE NATURE OF THE CHOICES THAT WE HAVE ALREADY
15 MADE.

16 SO THE KIND OF CONCLUSION YOU END UP WITH WAS
17 IN FACT MONTESQUIEU'S "THE FEDERALISTS," WHICH IS THAT WE CAN
18 HAVE A NATIONAL GOVERNMENT AND SOMEHOW REGIONALIZE AND
19 FEDERALIZE THE NATURE IN WHICH POWER IS EXERCISED.

20 THOSE OF US WHO WERE INVOLVED IN THE
21 NEIGHBORHOOD MOVEMENT AND HAVE CONTINUED TO BE INVOLVED DID
22 NOT SEEK NEIGHBORHOOD GOVERNMENT. MILTON COTLER WENT AROUND
23 THE COUNTRY WITH THAT LITTLE BOOK AND WE TOLD HIM NO, WHAT WE
24 WANT IS NEIGHBORHOOD EMPOWERMENT, THE CAPACITY OF PEOPLE AND
25 GROUPS WITHIN NEIGHBORHOODS TO HOLD THE POLITICAL SYSTEM
26 ACCOUNTABLE TO THE GOALS THAT WE SHARE, VERY MUCH SIMILAR TO
27 THE LANGUAGE THAT WE USED AT THE OUTSET OF THESE PANELS TODAY
28 TO DESCRIBE WHAT, WHETHER YOU ARE GOING TO CALL IT

1 INCORPORATION OR SECESSION OR SOME KIND OF DEVOLUTION OR
2 DECENTRALIZATION IS TRYING TO ACCOMPLISH HERE IN THE SAN
3 FERNANDO VALLEY. BUT BE CLEAR THAT IN FACT ANY EFFORT TO
4 DECENTRALIZE OR DEVOLVE THE GOVERNMENT MUST BEGIN WITH AN
5 ACTIVE CITIZENRY.

6 AND NOW I WILL DO WHAT IS OBLIGATORY IN ALL
7 CONFERENCES IN WHICH POLITICAL SCIENCE IS THE SUBJECT: I WILL
8 QUOTE FROM DETOCQUEVILLE, WHO HAS YET TO BE MENTIONED, TWO
9 LINES FROM DEMOCRACY IN AMERICA. ONE HAS TO DO WITH THE
10 SPIRIT OF TOWNSHIP IN NEW ENGLAND: "THE TOWNSHIP OF NEW
11 ENGLAND POSSESSES ADVANTAGES WHICH STRONGLY EXCITE THE
12 INTEREST OF MANKIND, NAMELY INDEPENDENCE AND AUTHORITY. THE
13 NEW ENGLANDER IS ATTACHED TO HIS TOWNSHIP NOT SO MUCH BECAUSE
14 HE WAS BORN IN IT, BUT BECAUSE IT IS A FREE AND STRONG
15 COMMUNITY OF WHICH HE IS A MEMBER AND WHICH DESERVES THE CARE
16 SPENT IN MANAGING IT."

17 SOUNDS VERY MUCH LIKE WE WOULD LIKE TO THINK IS
18 THE PRIME FORCE HERE. BUT THEN THERE IS THAT OTHER SECTION OF
19 DETOCQUEVILLE IN WHICH HE DESCRIBES THE DESPOTISM THAT
20 AMERICANS HAVE MOST TO FEAR.

21 THIS IS HIS CHARACTERIZATION: "I SEEM TO TRACE
22 THE NOVEL FEATURES UNDER WHICH DESPOTISM MAY APPEAR IN THE
23 WORLD. THE FIRST THING THAT STRIKES THE OBSERVATION IS AN
24 INNUMERABLE MULTITUDE OF MEN ALL EQUAL AND ALIKE, INCESSANTLY
25 ENDEAVORING TO PROCURE THE PETTY AND PALTRY PLEASURES WITH
26 WHICH THEY GLUT THEIR LIVES, EACH OF THEM LIVING APART IS AS A
27 STRANGER TO THE FATE OF ALL THE REST, HIS CHILDREN AND HIS
28 PRIVATE FRIENDS CONSTITUTE TO HIM THE WHOLE OF MANKIND. AS

1 FOR THE REST OF HIS FELLOW CITIZENS, HE IS CLOSE TO THEM, BUT
2 HE DOES NOT SEE THEM; HE TOUCHES THEM, BUT HE DOES NOT FEEL
3 THEM. HE EXISTS ONLY IN HIMSELF AND FOR HIMSELF ALONE, AND IF
4 HIS KINDRED STILL REMAIN TO HIM, HE MAY BE SAID, AT ANY RATE,
5 TO HAVE LOST HIS COUNTRY."

6 YOU HAVE TO ASK YOURSELF ABOUT THE SAN FERNANDO
7 VALLEY, WHETHER OR NOT THE RELATIONSHIPS AMONG CITIZENS HERE
8 ARE CLOSER TO THAT SPIRIT OF TOWNSHIP OR THE SPIRIT OF
9 DESPOTISM, BECAUSE IF IT IS THE SECOND, NO MATTER WHAT LEVEL
10 OF GOVERNMENT YOU ESTABLISH, YOU WILL STILL HAVE THE SAME
11 PROBLEMS.

12 NOW, IN PHILADELPHIA WE HAVE OVER 40 TO 50,000
13 PEOPLE WHO ARE NEIGHBORHOOD BUILDERS. THEY ARE BLOCK
14 CAPTAINS, THEY ARE TOWN WATCH MEMBERS, THEY ARE PEOPLE WHO
15 ARE INVOLVED IN CIVIC ASSOCIATIONS. THEY WORK AS SCHOOL
16 VOLUNTEERS, THEY WORK AS FRIENDS OF THE FREE LIBRARIES.

17 AND WHAT WE HAVE BEEN ABLE TO DO OVER THE LAST
18 25 YEARS IS TO BUILD THESE NETWORKS OF NEIGHBORHOOD BUILDERS
19 INTO CIVIC ASSOCIATIONS WHICH CAN HOLD GOVERNMENT ACCOUNTABLE
20 IN AN INFORMAL WAY TO WHAT WE WANT THE PUBLIC SECTOR AND THE
21 PRIVATE SECTOR AND THE CITIZENS TO DO TOGETHER, TO THE END OF
22 FOUR BASIC GOALS: WE WANT A CITY TO BE CLEAN, WE WANT IT TO
23 BE SAFE, WE WANT IT TO BE ECONOMICALLY VIABLE, AND IN THIS
24 CASE THAT MEANS PEOPLE WORKING AS WELL AS BUSINESSES AND
25 BUSINESS STRIPS AVAILABLE FOR BUSINESS, AND WE WANT IT TO BE A
26 DECENT PLACE TO RAISE OUR KIDS.

27 IN EACH INSTANCE WHAT WE HAVE MANAGED TO DO IS
28 STRUCTURE PUBLIC-PRIVATE RELATIONSHIPS DISTRICT BY DISTRICT

1 AMONG THESE GROUPS, OFTEN ALSO WORKING WITH A PARTY
2 ORGANIZATION, AND I MEAN POLITICAL PARTIES HERE, IN WHICH
3 COMMITTEE PEOPLE STILL EXERT THE KIND OF POWER THAT DOESN'T
4 EXIST ANYWHERE ELSE TO DEFINE THE WAY IN WHICH GOVERNMENT WILL
5 OPERATE.

6 THE PRIMARY ISSUES FOR US ARE NOT THE DELIVERY
7 OF, QUOTE, SERVICES LIKE HANDING OUT PIECES OF PAPER. YES, WE
8 ARE CONCERNED ABOUT TRASH PICK-UP, BUT THERE ARE VERY FEW
9 PARTS OF THE CITY OF PHILADELPHIA WHERE PEOPLE COMPLAIN THAT
10 THE TRASH IS NOT PICKED UP ON TIME.

11 THE HARDER ISSUES FOR US, AND I SUSPECT FOR ANY
12 OF US, ARE WRAPPED UP IN THE NOTION OF PROGRESS, THE WORLDS IN
13 WHICH GOVERNMENT MUST IN FACT INVEST ITS RESOURCES TO MAKE
14 IMPROVEMENTS OVER TIME.

15 SO IN OUR CITY THE REAL QUESTION IS NOT HOW DO
16 WE GET THE TRASH PICKED UP, BUT HOW DO WE REPAIR OR DEMOLISH
17 CREATIVELY THOUSANDS OF BOARDED-UP VACANT HOUSES THAT HAVE
18 BEEN LEFT BEHIND BY PEOPLE WHO LEFT THE CITY FOR ECONOMIC
19 REASONS.

20 THE ISSUES ARE NOT WHETHER THE POLICE WILL COME
21 IN FIVE MINUTES OR FIVE SECONDS; THE ISSUES ARE HOW WE HELP
22 THOUSANDS OF PEOPLE WHO ARE CURRENTLY IN THE DRUG TRAFFIC
23 CEASE THAT ACTIVITY. THAT IS A MEASURE OF IMPROVEMENT THAT
24 REQUIRES A STRATEGIC RELATIONSHIP BETWEEN THE CITIZENS AND
25 GOVERNMENT IN ORDER TO IMPROVE THOSE CONDITIONS AND TO MAKE
26 PEOPLE BETTER CITIZENS.

27 IN TERMS OF THE ECONOMY, YES, IT'S PARTIALLY
28 HELPING BUSINESSES COME BACK TO OUR CENTER CITY AND OUR

1 NEIGHBORHOOD COMMERCIAL STRIPS, BUT IT'S ALSO HELPING THE 19
2 TO 30,000 ADULTS WHO RIGHT NOW ARE BEING TOLD YOU ARE OFF OF
3 WELFARE OR YOU LOOSE MONEY, HELPING THEM TO GET INTO THE LABOR
4 FORCE AND DO SOMETHING WHICH IS AN EDUCATIVE TASK, AGAIN
5 MEASURED NOT BY SERVICE, BUT BY PROGRESS.

6 AND FINALLY AND CRITICALLY IMPORTANT, IT'S
7 ABOUT THE EDUCATION OF OUR CHILDREN, PREPARING THEM FOR A
8 FUTURE THAT REQUIRES FAR GREATER SKILL THAN THE EXISTING
9 ECONOMY OR THE ECONOMY THAT PHILADELPHIA LEFT BEHIND IN WHICH
10 EVERYONE COULD WORK IN A FACTORY, DIDN'T NEED A HIGH SCHOOL
11 DIPLOMA, AND MAKE A PRETTY GOOD WAGE. THAT'S GONE.

12 NOW EVEN A MACHINIST MUST BE A SKILLED
13 CRAFTSMAN. THESE ARE NOT ISSUES THAT ARE RESOLVED IN THE
14 LANGUAGE OF EFFICIENCY OF SERVICES. THEY ARE IN FACT ISSUES
15 THAT ARE RESOLVED IN THE LANGUAGE OF EFFECTIVENESS AND
16 PRODUCTIVE RELATIONSHIPS BETWEEN GOVERNMENT AND CITIZENS THAT
17 IN FACT ARE NOT TOUCHED AT ALL BY THE LANGUAGE THAT HAS BEEN
18 USED TO DESCRIBE THIS PROBLEM.

19 BUT THOSE THINGS DO REQUIRE A KIND OF
20 DECENTRALIZATION BECAUSE ULTIMATELY WHAT THEY ALL REQUIRE, AS
21 DOES ALL GOOD TEACHING, IS A POWERFUL RELATIONSHIP BETWEEN
22 GOVERNMENT AND CITIZENS, A POWERFUL RELATIONSHIP BETWEEN THE
23 EXECUTIVE BRANCH, BETWEEN THOSE WHO ARE ELECTED TO PUBLIC
24 OFFICE, AND THE PEOPLE WHO WORK FOR PUBLIC DEPARTMENTS, AND
25 THE CIVIC GROUPS WITHIN THE COMMUNITY.

26 THOSE ARE THE RELATIONSHIPS WE HAVE BEEN ABLE
27 TO BUILD. AND I WILL NOT SAY THAT EVERYTHING THAT WE HAVE
28 DONE HAS WORKED TERRIBLY WELL, BUT THE PROBLEMS THAT WE ARE

1 FACING WOULD NOT BE RESOLVED BY SOME NEW LEVEL OF
2 DECENTRALIZATION. THEY REALLY IN FACT DO REVOLVE AROUND OUR
3 STRATEGIC JUDGMENT IN PREPARING PEOPLE TO ENTER A WORK FORCE
4 AND OUR STRATEGIC JUDGMENT IN HOW YOU HELP CHILDREN LEARN.
5 AND, INTERESTINGLY ENOUGH, THOSE TWO ARE ENTIRELY OUTSIDE THE
6 SCOPE OF THE GOVERNMENT THAT IS BEING DESCRIBED HERE.

7 OUR COUNTY GOVERNMENT AND CITY GOVERNMENT ARE
8 COTERMINUS; SO, TO THAT EXTENT, THEY ARE THE SAME IN
9 PHILADELPHIA. BUT THE SCHOOL DISTRICT IS A COMPLETELY
10 INDEPENDENT OPERATION, AND YET THE EDUCATION OF CHILDREN
11 BECOMES THE PRIMARY OBJECT.

12 THE JOB TRAINING PROGRAMS ARE PROGRAMS RUN BY
13 THE CITY, BUT THEY GO WAY BEYOND IN TERMS OF THE CHALLENGES WE
14 FACE, THE SIMPLE TASK OF MAKING SURE THE TRASH IS PICKED UP IN
15 TIME.

16 SO THE QUESTIONS IT SEEMS TO ME YOU NEED TO ASK
17 IS TO WHAT END, WHAT EXACTLY IS SUPPOSED TO BE DIFFERENT UNDER
18 A NEW GOVERNMENT THAT DOES NOT EXIST NOW? WHAT ARE THE
19 SUBSTANTIVE PROBLEMS THAT YOU FACE IN THIS COUNTY THAT YOU
20 WANT TO SOLVE? AND HOW CAN YOU BUILD PARTNERSHIPS BETWEEN
21 CITIZENS, ELECTED OFFICIALS, AND THOSE WHO ARE HIRED BY THEM
22 TO MAKE THEM COME ABOUT?

23 AND IF YOU START WITH THOSE QUESTIONS,
24 UNDERSTANDING THAT YES, DISTRICT BY DISTRICT THERE MUST BE
25 ACTIVE TANGIBLE RELATIONSHIPS BETWEEN THE GOVERNED AND THOSE
26 IN THE GOVERNMENT; THEN YOU HAVE A CHANCE TO SUCCEED.

27 BUT IF THE LANGUAGE IS PLACED AND THE THINKING
28 IS PLACED IN ANYTHING LESS THAN THAT, YOU WILL DISCOVER THAT

1 YOU WILL MAKE ALL YOUR REFORMS AND NOTHING WILL BE REFORMED.

2 THANK YOU.

3 MR. KOTKIN: BOB.

4 MR. SCOTT: WE HAVE A FEW. ANYBODY ELSE WHO HAS
5 ANY QUESTIONS?

6 THIS IS A GENERAL QUESTION FOR THE PANEL:
7 PUBLIC EMPLOYEE UNIONS SEEM INCLINED TO OPPOSE REORGANIZATION,
8 IN PARTICULAR SPECIAL REORGANIZATION LIKE THAT BEING DISCUSSED
9 IN LOS ANGELES. WHAT IS IN IT FOR THEM?

10 MR. SCHWARTZ: I THINK THAT I HAVE A STRONG
11 RELATIONSHIP, POSITIVE, WITH THE PUBLIC EMPLOYEE UNIONS OF
12 PHILADELPHIA. THAT DOESN'T MEAN I HAVE SUPPORTED EVERYTHING
13 THEY HAVE DONE. WE HAVE HAD OUR DIFFERENCES.

14 MANY OF THEM HAVE THE SAME PRIDE IN WANTING TO
15 DELIVER SERVICES THAT WE DO. SO BEING ABLE TO WORK IN A CITY
16 WHICH IS WELL GOVERNED AND WELL MANAGED IS SOMETHING THAT MANY
17 OF THEM, NOT ALL, WANT.

18 TO THE EXTENT THAT THERE ARE PARTNERSHIPS
19 BETWEEN CITIZENS AND GOVERNMENT TO IMPROVE CLEANLINESS AND
20 THAT AREAS OF PUBLIC LIFE THAT INVOLVE THEM, THAT IS WHAT IS
21 IN IT FOR THEM.

22 DO THEY SEEK REMUNERATION? YES. WILL THEY IN
23 FACT -- ARE THERE CIRCUMSTANCES IN WHICH CONTRACTING OUT TO A
24 WASTE MANAGEMENT MIGHT BE CHEAPER? THERE MAY BE. AND THERE
25 ARE MODELS AROUND THE COUNTRY WHICH PUBLIC UNIONS HAVE BEEN
26 PUT INTO COMPETITION WITH PRIVATE WASTE COMPANIES.

27 AND THE IF ARGUMENT IS EFFICIENCY, THEN IN FACT
28 SOMETIMES THE WASTE MANAGEMENT WINS. BUT THERE IS SOMETHING

1 TO BE SAID FOR A PUBLIC SERVICE.

2 A FELLOW WHO WORKED FOR ME IN THE HOUSING
3 OFFICE EVENTUALLY TOOK A JOB IN THE PRIVATE SECTOR. AND WHEN
4 HE LEFT HE SAID, "YOU KNOW, I FEEL -- I AM MOVED BY ECONOMICS
5 TO DO THIS, BUT I HAVE REAL PANGS HERE BECAUSE MY FATHER WAS A
6 PUBLIC WORKER AND MY GRANDFATHER WAS, AND I WAS BROUGHT UP TO
7 BELIEVE THAT PUBLIC SERVICE IS A HIGH CALLING."

8 I WOULDN'T WANT TO ELEVATE THE PUBLIC EMPLOYEES
9 OF PHILADELPHIA QUITE THAT HIGH, BUT THERE IS SOMETHING LIKE
10 THAT INVOLVED IF YOU ARE ASKING WHAT IS IN IT FOR THEM. THEY
11 TAKE PRIDE IN THEIR WORK TOO.

12 MR. SCOTT: ANYONE ELSE WANT TO COMMENT?

13 MR. MUNRO: I WOULD HAVE TO SAY THAT UNDER THE PLAN
14 I HAVE OUTLINED AND GEORGE LEIBMAN WROTE, THE TRUTH OF THE
15 MATTER IS NOT TERRIBLY MUCH IN IT FOR UNIONS.

16 PERSONALLY I THINK THAT IS A POSITIVE THING.
17 AS A MATTER OF POLITICAL LIABILITY, I AM NOT PRETENDING TO,
18 EVEN IF GEORGE IS -- I DON'T THINK HE IS -- BUT I AM CERTAINLY
19 NOT PRETENDING THAT GEORGE'S PLAN IS GOING TO OCCUR IN
20 BALTIMORE ANY TIME IN THE NEXT COUPLE OF MILENIA BECAUSE IT IS
21 NOT.

22 ONE OF THE ADVANTAGEOUS THINGS IN BREAKING THE
23 CITY DOWN INTO SPECIAL TAX DISTRICTS OR BOROUGHES, OR WHATEVER
24 YOU WANT TO CALL IT, IS THAT, AS I MENTIONED EARLIER ON,
25 SPECIAL TAX DISTRICTS ARE NOT OBLIGATED TO USE PUBLIC
26 EMPLOYEES, WHICH I THINK IS A POSITIVE THING. AND EVEN IF
27 THEY WERE, IT WOULD MAKE BARGAINING -- LET ME JUST BE BLUNT
28 ABOUT THIS -- IT WOULD MAKE BARGAINING MORE DIFFICULT IN THE

1 PUBLIC SECTOR UNIONS THAN IT WOULD FOR MANAGEMENT INASMUCH AS
2 THEY WOULD HAVE TO BARGAIN WITH 20 OR 30 ENTITIES, AS OPPOSED
3 TO ONE.

4 PERSONNEL COSTS ARE BY FAR OUR BIGGEST COST IN
5 BALTIMORE. A LOT OF THAT IS DRIVEN BY AN ABSOLUTELY
6 GARGANTUAN BUREAUCRACY. IT'S 21,000, WHICH I WOULDN'T BE
7 SURPRISED IF IT'S MORE THAN WHAT YOU HAVE HERE FOR A CITY THAT
8 IS ONLY A THIRD OF YOUR SIZE.

9 SO AS TO SAY I DON'T THINK GEORGE'S PLAN HAS --
10 NOTHING TERRIBLY MUCH IN IT FOR THE UNIONS, AND I HAVE TO SAY
11 IT'S A GOOD THING.

12 MR. NELSON: I WOULD SAY THAT THE VISION I WAS
13 DESCRIBING AT THE END WHERE YOU DON'T SEE WHAT THE BEST UNIT
14 OF GOVERNANCE IS PER SE PRESCRIPTIVELY BUT DISCOVER IT THROUGH
15 TRIAL AND ERROR AND EVOLUTION AND DIFFERENT SIZED GOVERNMENTS
16 AND SEEING WHICH WORK, BUT THEN BEING ABLE TO CHANGE QUICKLY
17 WHEN THEY DON'T WORK AND TO TRY SOMETHING ELSE. IT IS HARD TO
18 RECONCILE THAT VISION WITH A LOT OF THE PRACTICES, AT LEAST OF
19 NOT JUST PUBLIC -- WELL, WITH PUBLIC EMPLOYEES' UNIONS.

20 AND IN GENERAL ONE OF THE DIFFICULTIES OF THAT
21 KIND OF A VISION IS THAT YOU HAVE A LOT OF INTERESTS THAT
22 BUILD UP WHENEVER YOU HAVE ANY GOVERNMENTAL FORM, AND THEY
23 TEND, YOU KNOW, IF YOU WANT TO MAKE CHANGES, SOMEBODY OFTEN
24 GETS HURT. AND IF THERE ARE TOO MANY VETOES OUT THERE IN THE
25 SYSTEM, THEN YOU END UP WITH GRIDLOCK IN YOUR GOVERNMENTAL
26 FORUMS AND IN OTHER THINGS.

27 AND, IN MY VIEW, OUR SYSTEM NOW IS, ONE OF ITS
28 BIGGEST PROBLEMS IS GRIDLOCK. WE DON'T HAVE ENOUGH

1 OPPORTUNITY TO EXPERIMENT AND TRY THINGS, AND THAT'S BECAUSE
2 WE HAVE GIVEN, IN A LOT OF CASES, TOO LARGE A WEIGHT TO THE
3 INTEREST OF PARTICULAR GROUPS.

4 AND SO, IN THAT SENSE, I WOULD BE CONCERNED,
5 ALTHOUGH CLEARLY IT IS ALSO IMPORTANT, YOU KNOW, TO TRY TO
6 BUILD AS WIDE A CONSENSUS, EVEN TO HAVE A SYSTEM WHERE YOU DO
7 HAVE FLEXIBILITY IF THE UNIONS HAVE THE BUY-OFF ON IT, AND
8 INITIALLY THEY MAY HAVE TO GO ALONG.

9 MR. KOTKIN: I AM GOING TO TAKE MY PREROGATIVE AS
10 THE MODERATOR AND KICK IT BACK TO ED FOR JUST A SECOND HERE.

11 IN PHILADELPHIA AND BALTIMORE FOR SURE, AND
12 EVEN HERE IN THE CITY OF LOS ANGELES, TO SOME EXTENT, THE
13 PUBLIC EMPLOYEE UNION ALSO HAS A RACIAL ASPECT TO IT.

14 EVEN IN LOS ANGELES, WHICH IS NOT A
15 PARTICULARLY HEAVILY AFRICAN-AMERICAN CITY, AFRICAN-AMERICANS
16 ARE WAY OVER-REPRESENTED IN THE PUBLIC SECTOR SO THAT ANY
17 ATTEMPT TO SORT OF PUT PRESSURE ON THE PUBLIC SECTOR BECOMES A
18 RACE ISSUE. OBVIOUSLY, IN CITIES LIKE BALTIMORE, PHILADELPHIA
19 IT'S MAYBE EVEN MAYBE MORE SO.

20 SO IN YOUR SENSE OF BUILDING A COMMUNITY, IS
21 THERE ANY WAY OUT OF THIS CONFLICT BETWEEN THE INTEREST OF
22 NEIGHBORHOODS AND THE INTEREST OF GROUPS THAT HAVE FELT
23 HISTORICALLY OSTRACIZED OR HISTORICALLY OUTSIDE THE CIRCLES OF
24 POWER?

25 MR. SCHWARTZ: I THINK YOU HAVE RAISED TWO BALLS
26 AND THROWN THEM IN THE AIR. ONE IS PUBLIC EMPLOYEE UNIONS AND
27 ONE IS AFRICAN-AMERICANS. THERE ARE A LOT OF
28 AFRICAN-AMERICANS NOW, AN INCREASING NUMBER OF HISPANICS IN

1 PHILADELPHIA. ALL OF THEM ARE NOT PUBLIC EMPLOYEES.

2 MR. KOTKIN: BUT THERE IS A --

3 MR. SCHWARTZ: NO. I AM MERELY SAYING, FOR EXAMPLE,
4 THE CURRENT AFRICAN-AMERICAN MAYOR OF PHILADELPHIA RAN
5 ULTIMATELY WITHOUT MUCH SUPPORT FROM THE PUBLIC UNIONS, AT
6 LEAST TWO OR THREE OF THEM.

7 NOW, IN TERMS OF THE AFRICAN-AMERICAN
8 NEIGHBORHOODS, THE FACT IS THE COALITIONS THAT WE BUILT WERE
9 HEAVILY POPULATED BY AFRICAN-AMERICAN IN NORTH PHILLY. I
10 HAPPEN TO LIVE IN MOUNT AIRY WHICH IS RACIALLY AND
11 ECONOMICALLY INTEGRATED. I HAVE WORKED AND LIVED IN GERMAN
12 TOWN WHICH IS ONE STEP DOWN ON THE ECONOMIC LADDER.

13 SO THAT MOVEMENT, THE WHOLE NEIGHBORHOOD
14 MOVEMENT, WAS SHAPED AS AN EFFORT TO BUILD AN INTERRACIAL
15 MOVEMENT THAT WOULD FIGHT FOR NEIGHBORS FOR EVERYBODY. AND
16 THAT HAS CERTAINLY BEEN AT THE CENTER OF MY OWN CAREER, BEING
17 WILLING TO DO THAT.

18 IN THE MOST RECENT YEARS WE HAVE WORKED ON
19 NEGOTIATING EXPLICIT SOCIAL CONTRACTS BETWEEN NEIGHBORHOOD
20 BUILDERS THAT I DESCRIBED AND GOVERNMENT AROUND CLEAN, SAFE
21 KIDS AND OPPORTUNITY THAT WOULD DEFINE MUTUAL OBLIGATIONS TO
22 FULFILL OBJECTIVES.

23 ONE OF THE ROLES THAT THE SOCIAL CONTRACT
24 PLAYS, WE USE THE LANGUAGE OF THE PREAMBLE TO THE CONSTITUTION
25 AS A WAY OF IDENTIFYING SHARED VALUES, WHO ARE WE THE PEOPLE
26 OF THIS NEIGHBORHOOD, HOW DO WE SECURE THE BLESSINGS OF
27 LIBERTY TO OURSELVES AND OUR POSTERITY; AND THEN ONCE YOU
28 ESTABLISH SOME GOALS, WHAT IS THE WAY WE PROMOTE GENERAL

1 WELFARE.

2 IF YOU BRING A DIVERSE GROUP TOGETHER AND STICK
3 WITH THAT LANGUAGE, THEN THAT IS A WAY OF OVERCOMING WHAT
4 MIGHT BE ETHNIC AND RACIAL TENSIONS BECAUSE EVEN IF PEOPLE
5 PRIVATELY MIGHT WANT TO DISAGREE, THEY FEEL SHAMED INTO SAYING
6 NO, WE THE PEOPLE AS WHITE PEOPLE OR SOMETHING LIKE THAT.

7 SO THE WHOLE MOVEMENT HAS BEEN REALLY A
8 MOVEMENT AS MUCH TO EMPOWER AFRICAN-AMERICAN NEIGHBORHOODS AS
9 ANYTHING ELSE, AND I HAPPENED TO HAVE SERVED IN THE GOVERNMENT
10 LED BY W. WILSON GOODE, THE CITY'S FIRST AFRICAN-AMERICAN
11 MAYOR, ON A CITY COUNCIL LED BY A FELLOW NAMED JOE COLEMAN,
12 FIRST AFRICAN-AMERICAN PRESIDENT OF OUR CITY COUNCIL. ALL OF
13 IT CAME OUT OF THE NEIGHBORHOODS MOVEMENT.

14 MR. SCOTT: NEXT QUESTION: HOW CAN SCHOOLS BE
15 FUNDED UNDER THE BALTIMORE SPECIAL TAX DISTRICT PROPOSAL?

16 MR. MUNRO: SCHOOLS IN MARYLAND ARE INTERESTING.
17 SCHOOL DISTRICTS ARE COEXTENSIVE WITH COUNTY BOUNDARIES WHICH
18 MEANS BALTIMORE COUNTY CITY SCHOOL DISTRICT HAS EXACTLY THE
19 SAME BOUNDARIES AS BALTIMORE CITY.

20 AND WE HAVE -- MOST OF OUR SCHOOL BOARDS ARE
21 NOT ELECTED AND USUALLY APPOINTED BY THE GOVERNOR. THE
22 BALTIMORE CITY ONE WAS APPOINTED BY THE MAYOR UNTIL A COUPLE
23 OF YEARS AGO WHEN THAT POWER WAS -- THEORETICALLY IT'S A
24 JOINTLY HELD POWER WITH THE GOVERNOR AND MAYOR, BUT AS A
25 PRACTICAL MATTER IT MEANS THAT THE GOVERNOR CHOOSES THE SCHOOL
26 BOARD.

27 BUT IN COMMON WITH MANY POOR DISTRICTS, THE
28 FACT OF THE MATTER IS THAT MOST MONEY FROM BALTIMORE CITY

1 SCHOOL DISTRICT COMES FROM STATE AND FEDERAL GOVERNMENT
2 ANYWAY.

3 GEORGE'S PLAN DOES NOT ADDRESS EDUCATION. WE
4 WOULD IMAGINE EDUCATION WOULD REMAIN A SCHOOL FUNCTION WHICH,
5 AS A PRACTICAL MATTER, IN BALTIMORE MEANS A STATE FUNCTION.

6 MR. SCOTT: QUESTION FOR JOEL: I AM LOOKING
7 AROUND THIS ROOM. PLEASE SHARE YOUR OPINION OF WHY THERE ARE
8 MOSTLY WHITE PEOPLE INTERESTED IN THIS SEMINAR.

9 MR. KOTKIN: I THINK THE SAN FERNANDO VALLEY IS SORT
10 OF AN INTERESTING CASE STUDY BECAUSE I THINK THE ESTABLISHED
11 COMMUNITIES HERE ARE PREDOMINANTLY WHITE.

12 IT'S IN THE NEW GEOGRAPHY SOMEWHERE, BUT IT WAS
13 LIKE IN 1960 OR '70, IT WAS LIKE '95 PERCENT WHITE. SO
14 OBVIOUSLY THE ESTABLISHED POPULATION HERE IS PREDOMINANTLY
15 WHITE.

16 THERE IS NOT A LONG HISTORY OF STRONG MINORITY
17 NEIGHBORHOODS. SO MANY OF THE MINORITIES HERE ARE RECENT
18 IMMIGRANTS, AS OPPOSED TO, LET'S SAY, EAST L.A. WHERE THERE IS
19 GENERATIONS NOW OF LATINO INVOLVEMENT IN POLITICS AND
20 NEIGHBORHOOD ORGANIZATIONS.

21 IF YOU GO TO THE LATINO PARTS OF -- WELL, VAN
22 NUYS, THEY HAVE ONLY BEEN LATINO FOR THE LAST MAYBE 10, 15, 20
23 YEARS AT THE MOST.

24 SO I THINK SOME OF IT IS THE AGE OF THAT, AND
25 FRANKLY SOME OF IT IS WHO HAS GOT THE TIME AND THE MONEY TO
26 WASTE AN AFTERNOON WITH US. AND RIGHT NOW THAT IS
27 PREDOMINANTLY NOT THE CASE.

28 YOU EVEN TO GO THE SAN GABRIEL VALLEY AND YOU

1 WILL SEE, EVEN THOUGH THE SAN GABRIEL IS GETTING MORE
2 INVOLVEMENT BY THE ASIAN-AMERICANS, IT'S A FAIRLY RECENT
3 PHENOMENA.

4 SOME OF IT IS HISTORICAL LAG, SOME OF IT IS
5 ECONOMICS, BUT I THINK IT IS GOING TO CHANGE OVER TIME.

6 I THINK ONE OF THE CHALLENGES OF THE SECESSION
7 MOVEMENT, IF YOU WANT TO PUT IT THAT WAY, IS GOING TO BE TO
8 BRING MORE MINORITY MEMBERS INTO IT BECAUSE I THINK ONE OF THE
9 SPEAKERS, I THINK, DID MAKE THE CASE THAT IF THE SECESSION
10 MOVEMENT IS PERCEIVED AS A SEGREGATIONIST MOVEMENT, EVEN
11 THOUGH THIS IS AN ABSURDITY, GIVEN THE POPULATION NUMBERS, IT
12 COULD HURT THE MOVEMENT A GREAT DEAL.

13 I THINK THERE HAS TO BE MORE OF A NEED FOR
14 OUT-REACH. AND NOT TO CRITICIZE ANYONE, BUT I THINK THERE IS
15 A NEED FOR OUT-REACH INTO LATINO AND OTHER COMMUNITIES.

16 MR. SCOTT: QUESTION FOR BOB NELSON: WHERE DOES
17 THE MONEY COME FROM TO SUPPORT PRIVATE NEIGHBORHOOD
18 ASSOCIATIONS IN LOW INCOME AREAS?

19 MR. NELSON: THESE ORGANIZATIONS BASICALLY FUND
20 THEIR SERVICES BY ASSESSMENTS BASED ON THE OWNERSHIP OF
21 PROPERTY. SO IF THE PROPERTY ISN'T WORTH MUCH, IT'S TRUE
22 THERE IS GOING TO BE A PROBLEM WITH REVENUE.

23 ON THE OTHER HAND, I THINK THAT, AT LEAST I
24 HAVE ARGUED, THAT NEIGHBORHOOD ASSOCIATIONS IN POORER AREAS
25 MIGHT BE SOME OF THE MOST SUCCESSFUL ASSOCIATIONS, AND IN FACT
26 THAT RESIDENTS OF POOR AREAS OR INTERCITY AREAS OFTEN SUFFER
27 THE MOST FROM THE CHAOS WHICH IS ASSOCIATED WITH THE LACK OF
28 CONTROL OVER THE NEIGHBORHOOD ENVIRONMENT AND THAT IN FACT IF

1 THEY COULD GET CONTROL OVER THE NEIGHBORHOOD ENVIRONMENT, YOU
2 KNOW, AND GET BETTER SECURITY OR POLICE PATROLLING, MAYBE
3 BETTER CONTROL OVER ACCESS AND ENTRY INTO POORER INTERCITY
4 NEIGHBORHOODS, THE QUALITY OF THE ENVIRONMENT WOULD IMPROVE
5 SIGNIFICANTLY, AND THAT WOULD ALSO BE REFLECTED IN INCREASES
6 IN THE VALUE OF THE PROPERTY. SO THAT WOULD RAISE THE REVENUE
7 POTENTIAL.

8 I MEAN THE OTHER ANSWER TO THAT OBVIOUSLY IS
9 WHERE DO THE POOR PEOPLE IN GENERAL GET REVENUE OR INCOME OR
10 SUPPORT BEYOND WHAT THEY CAN IMMEDIATELY AFFORD, AND THAT'S
11 FROM VARIOUS GOVERNMENT REDISTRIBUTING PROGRAMS.

12 AND THERE IS NO REASON THAT NEIGHBORHOOD
13 ASSOCIATIONS COULDN'T PARTICIPATE IN VARIOUS FORMS OF
14 REDISTRIBUTION, AND IN FACT THE NEIGHBORHOOD ASSOCIATION MIGHT
15 BE A PARTICULARLY EFFECTIVE VEHICLE FOR THAT AND IT MIGHT EVEN
16 BE AN EFFECTIVE POLITICAL VEHICLE.

17 PRIVATE NEIGHBORHOOD ASSOCIATIONS ARE GETTING
18 INVOLVED IN POLITICS AND INCREASINGLY SERVING AS CONVENIENTLY
19 ORGANIZED MECHANISMS FOR ASSERTING THE INTERESTS OF THEIR
20 RESIDENTS AS THEY ARE FORMULATED ON A NEIGHBORHOOD SCALE.

21 MR. MUNRO: CAN I ADDRESS THAT AS WELL?

22 I DIDN'T BOTHER GOING IN TO IT IN MY REMARKS,
23 BUT GEORGE'S REPORT DOES ADDRESS THAT.

24 BROADLY SPEAKING, WHAT WOULD HAPPEN IS THIS:
25 AS THESE SPECIAL TAX DISTRICTS' RESPONSIBILITIES INCREASED,
26 THEIR TAXING AUTHORITY WOULD INCREASE TOO, AND THERE WOULD BE
27 A CORRESPONDING DROP IN CITY-WIDE TAXING AUTHORITY.

28 HOWEVER, THE CITY GOVERNMENT WOULD NOT WHITHER

1 AWAY ENTIRELY, AS I SAID, SORT OF BECOME SORT OF LIKE A
2 FEDERATION OF THESE THINGS, BUT THERE WOULD BE AN OVERALL CITY
3 GOVERNMENT, NONETHELESS, WITH GREATLY REDUCED POWERS.

4 BUT A CERTAIN AMOUNT OF TAXATION WOULD STILL,
5 CITY-WIDE TAXATION OF THAT WOULD BE USED UNDER GEORGE'S PLAN.
6 THAT WOULD BE REDISTRIBUTED TO THE POORER NEIGHBORHOODS,
7 BROADLY SPEAKING, SIMILAR TO THE SORT OF LONDON SCHEME THAT
8 JEREMY OUTLINED EARLIER ON. INSTEAD OF THE NATIONAL
9 GOVERNMENT GIVING MONEY TO BOROUGHES, THIS WOULD BE THE CITY
10 GOVERNMENT GIVING MONEY TO THE NEIGHBORHOODS, BUT IT'S THE
11 SAME ESSENTIAL CONCEPT.

12 CAN I CLEAR UP ONE, PERHAPS, MISCONCEPTION? IT
13 IS ABSOLUTELY CATEGORICALLY NOT CORRECT TO THINK THAT POOR
14 INNER CITY NEIGHBORHOODS ARE INCAPABLE OF ORGANIZING
15 THEMSELVES.

16 I CAN TELL YOU FROM EXPERIENCE WITH BALTIMORE
17 CITY NEIGHBORHOODS THAT THE INNER CITY PREDOMINANTLY BLACK
18 AREAS ARE BETTER ORGANIZED THAN THE WEALTHIER WHITE AREAS.
19 PART OF THAT IS BECAUSE THEY NEED TO BE BECAUSE THEY DO GET
20 WORSE SERVICES AND THEY NEED TO -- THE SQUEAKING WHEEL GETS
21 THE GREASE -- THEY DO NEED TO BE LOUDER AND BETTER ORGANIZED.

22 THEY ARE FAR, FAR BETTER AT SORT OF TYING IN
23 THEIR ACTIVITIES WITH THE CHURCHES AND THIS, THAT, AND THE
24 OTHER THING. SO PLEASE, PLEASE DO NOT THINK THAT JUST
25 BECAUSE AN AREA IS POOR, THEY CAN'T GET ORGANIZED BECAUSE THEY
26 CAN AND DO IN BALTIMORE.

27 MR. SCHWARTZ: I WANT TO AGREE WITH THE LAST
28 COMMENT. CERTAINLY MANY OF THE, AS I SAID, NEIGHBORHOOD

1 BUILDING PROJECTS THAT WE HAVE SUPPORTED HAVE BEEN IN THE
2 POOREST NEIGHBORHOODS OF THE CITY, AND BLOCK CAPTAINS AND THE
3 REST ARE MORE PREVALENT THERE THAN ELSEWHERE.

4 I SUPPOSE THE PARALLEL DEMAND OF THOSE GROUPS
5 IN TERMS OF COHERENCE IN RESPONSE TO A MOVE TOWARD PRIVATE
6 ASSOCIATIONS IS CONTIGUOUS DISTRICTS FOR THE DELIVERY OF
7 DEPARTMENTS. THAT'S A TERRIBLE PROBLEM.

8 WE HAVE RECREATION DISTRICTS, POLICE DISTRICTS,
9 SANITATION DISTRICTS, LICENSE AND INSPECTION DISTRICTS. THEY
10 ARE ALL DIFFERENT.

11 SO FOR THE LAST 20 YEARS, WITHOUT SUCCESS I
12 MIGHT SAY, WE HAVE FOUGHT HARD TO HAVE ONE SYSTEM OF DISTRICTS
13 THAT WOULD IN FACT WORK FOR EVERYTHING.

14 WHERE I SAW THIS SOMEWHAT IN OPERATION -- NOT
15 SO MUCH IN BALTIMORE, THIS WAS IN PHOENIX, ARIZONA -- YOU WANT
16 TO TALK ABOUT A LARGE CITY THAT SEEMS TO BE ABLE TO COORDINATE
17 WHATEVER IT IS DOING IN DISTRICTS, PHOENIX IS REALLY A GOOD
18 EXAMPLE. I WAS QUITE IMPRESSED AND DID NOT EXPECT TO BE.

19 BUT FRANKLY MOST LOW INCOME PEOPLE WOULD SAY
20 WHY NOT TRY JUST TO MAKE SURE THAT WE HAVE CONTROL OF THE
21 GOVERNMENT ITSELF AND THE RESOURCES OF THE ENTIRE POLICE
22 DEPARTMENT RATHER THAN CREATING SOME LITTLE ENCLAVE AND THEN
23 HIRING YOUR OWN. THAT WOULDN'T MAKE ANY SENSE TO THEM,
24 FRANKLY.

25 MR. SCOTT: A FINAL QUESTION FOR BOB NELSON: AT
26 WHAT POINT DOES A RESPONSIBLE LEADER ADMINISTRATOR TELL THE
27 AUTHORITIES CALLED COMMUNITY NEIGHBORHOOD ASSOCIATIONS THAT
28 THEY TOO MUST SHARE IN THE REGIONAL BURDENS, AIRPORTS,

1 HIGHWAYS, NEW BUILDINGS, ET CETERA?

2 MR. NELSON: WELL, I MEAN THEY WOULD BE
3 PARTICIPATING. I THINK THAT CERTAIN FUNCTIONS OF GOVERNMENT
4 WOULD STILL BE CONDUCTED ON A REGIONAL LEVEL, LIKE AIRPORTS
5 AND ROADS AND WATER SYSTEMS.

6 OBVIOUSLY A NEIGHBORHOOD ASSOCIATION IS NOT
7 GOING TO ARRANGE FOR ITS OWN WATER OR ITS OWN ELECTRIC POWER.

8 BUT THE WAY I WOULD SEE IT IS THAT YOU WOULD
9 HAVE A LOT OF CONTRACTS BETWEEN NEIGHBORHOOD ASSOCIATIONS AND
10 THESE WIDER BODIES, AND YOU MIGHT ALSO SEE GREATER
11 PRIVATIZATION OF THE WIDER BODIES SO THAT YOU WOULD HAVE
12 PRIVATIZATION TAKING PLACE BOTH AT THE NEIGHBORHOOD SCALE AND
13 IN TERMS OF THE MACRO STRUCTURES OF GOVERNANCE.

14 AND THE MACRO STRUCTURES OF GOVERNANCE WOULD
15 THEMSELVES BE EXPECTED TO BE ABLE TO COVER THEIR COSTS OR IN
16 SOME CASES MAKE A PROFIT BY THE CHARGES THAT THEY IMPOSED.

17 BUT THERE WOULD STILL OBVIOUSLY BE SOME POINTS
18 AT WHICH THERE WOULD BE STILL SOME GOVERNMENT PROGRAMS THAT
19 WERE BEING PROVIDED FOR RESIDENTS OF LOCAL NEIGHBORHOODS AND
20 WHERE THERE WOULD BE SIGNIFICANT ELEMENTS OF TRANSFER OF
21 REVENUES FROM RICHER PARTS OF CITIES, REGIONS, TO SMALLER
22 PARTS.

23 MR. FLEMING: IN RESPONSE TO A QUESTION EARLIER,
24 LET ME POINT OUT SOMETHING THAT I TOTALLY AGREE.

25 WE ARE TALKING ABOUT AFRICAN-AMERICAN
26 NEIGHBORHOODS. THERE IS NO QUESTION IN THE CITY OF LOS
27 ANGELES THERE IS ONE COUNCILMATIC DISTRICT THAT IS LIGHT YEARS
28 AHEAD OF EVERYBODY ELSE, AND THAT IS MARK RIDLEY THOMAS'

1 DISTRICT, WHICH IS SOUTH CENTRAL, WHICH IS ALMOST EXCLUSIVELY
2 AFRICAN-AMERICAN. AND, WITH THE CHURCHES, THEY HAVE ORGANIZED
3 INCREDIBLE NEIGHBORHOOD ORGANIZATIONS DOWN THERE BECAUSE, AS
4 YOU SAY, THEY HAD TO FOR THEIR OWN SAFETY, FOR THEIR OWN
5 PROTECTION. AND THEY HAVE DONE A MARVELOUS JOB.

6 SO CONSEQUENTLY, IF THIS CITY EVER DID ADOPT A
7 BOROUGH SYSTEM, THEY PRACTICALLY HAVE ONE IN PLACE TODAY.

8 MR. SCHWARTZ: LET ME JUST SAY, IF YOU ARE LIVING
9 IN A NEIGHBORHOOD AND YOU OWN YOUR OWN HOME, AS IS THE CASE IN
10 PHILADELPHIA, OR EVEN IF YOU ARE A RENTER IN A DECENT
11 APARTMENT, THAT YOUR WORK IS A MEANS OF LIVING A DECENT LIFE,
12 IT IS NOT A CAREER, THEN WHAT IS OF GREATEST VALUE TO YOU IS
13 YOUR NEIGHBORHOOD, YOUR BLOCK.

14 I MENTIONED 3000 BLOCK CAPTAINS. WE HAVE A
15 PHILADELPHIA GARDENING PROGRAM WHERE FRANKLY A LOT OF OLDER
16 WOMEN AND AFRICAN-AMERICAN NEIGHBORS ARE TAKING VACANT LOTS
17 AND TURNING THEM INTO GARDENS, AND IT'S A HUGE PROJECT IN
18 PHILADELPHIA. IT HAS BEEN AS LONG AS I'M THERE.

19 AND THOSE WHO WOULD LIKE TO CONNECT WITHOUT
20 PAYING A DIME, IF YOU GO TO THE WEB SITE THAT I MANAGE ALL
21 THIS STUFF CALLED PHILLY NEIGHBORHOODS.ORG, IT GIVES YOU A
22 GATEWAY INTO LOT OF THOSE PROJECTS. AND IF YOU LOOK FOR THE
23 SOCIAL CONTRACT PROJECT, YOU GET A FULL WEB PAGE DEVOTED TO
24 ALL OF THAT.

25 THERE IS A NATIONAL WEB SITE ALSO CALLED
26 NEIGHBORHOODS ON-LINE.NET. THE LINK THERE HAS BEEN A LITTLE
27 SCREWY THE LAST FEW DAYS. BUT ANY ONE OF THEM WILL GO TO THE
28 OTHERS, AND YOU WILL SEE SOME OF THE KINDS OF PROJECTS THAT

1 ARE BEING DONE ALONG THESE LINES, AND I'M GLAD TO HEAR IT'S
2 BEEN HAPPENING OUT HERE IN L.A.

3 MR. FLEMING: I AM GOING TO ASK THIS PANEL TO STICK
4 AROUND BECAUSE THE NEXT PANEL COMING UP IS GOING TO HAVE SOME
5 GENERAL DISCUSSION, AND THEN I WOULD LIKE TO GET INTO THE KIND
6 OF DEBATE THAT WE HAD LAST EVENING AT DINNER, WHICH IS A REAL
7 GIVE-AND-TAKE DEBATE WHICH REALLY POINTS OUT A LOT OF THE
8 THINGS WE HAVE BEEN TALKING ABOUT ALL DAY.

9 SO RATHER THAN TAKING A BREAK -- WE WANT TO GET
10 YOU OUT OF HERE A LITTLE BIT EARLIER -- IF WE CAN GO AHEAD AND
11 MOVE TO THE NEXT PANEL, AND THEN WE WILL PROCEED.

12 (PAUSE.)

13 MR. POOLE: CAN I ASK YOU THOSE OF YOU WHO ARE
14 STANDING TO TAKE YOUR SEATS SO WE CAN GET ROLLING HERE.

15 THE IDEA FOR THIS WRAP-UP ROUND TABLE SESSION
16 IS TO HAVE A NUMBER OF VERY SHORT REACTIONS TO WHAT HAS BEEN
17 PUT ON THE TABLE TODAY, FOCUSING MORE SPECIFICALLY NOW ON
18 WHICH OF THE IDEAS THAT WE HAVE HEARD HAVE DIRECT APPLICATION
19 TO THE SITUATION FACING US HERE BOTH IN THE SAN FERNANDO
20 VALLEY AND LOS ANGELES GENERALLY.

21 AND EACH OF OUR PEOPLE HAS ABOUT FIVE MINUTES
22 TO MAKE SOME INITIAL COMMENTS ALONG THOSE LINES, AND THEN WE
23 WILL HAVE DISCUSSION AMONG BOTH PANELISTS AND YOU IN TERMS OF
24 YOUR FURTHER THOUGHTS, COMMENTS, AND QUESTIONS.

25 SO LET'S BEGIN WITH SHIRLEY SVORNY.

26 SHIRLEY IS ECONOMIC PROFESSOR AT CAL STATE
27 NORTHRIDGE. SHE SPECIALIZES IN URBAN ECONOMICS, AND WE
28 PROBABLY HAVE SEEN SOME OF HER VERY THOUGHTFUL ARTICLES

1 TALKING ABOUT THESE VERY ISSUES.

2 SHIRLEY.

3 MS. SVORNY: I COME TO THE WHOLE IDEA OF LOOKING AT
4 CITY SIZE FROM KIND OF AN INSTITUTIONAL PROSPECTIVE. AS AN
5 ECONOMIST I SPENT A LOT OF TIME THINKING ABOUT WHAT WORKS AND
6 WHAT DOESN'T WORK, AND I KNOW IF YOU SET UP INSTITUTIONAL
7 STRUCTURES TO GIVE PEOPLE THE RIGHT INCENTIVES, THAT THAT IS
8 GOING TO GET GOOD RESULTS.

9 SO I WAS PLEASED TODAY THAT SEVERAL OF THE
10 SPEAKERS REALLY SPOKE TO THAT. THEY TALKED ABOUT HOW
11 IMPORTANT IT IS FOR COMMUNITIES TO HAVE THE ABILITY TO TAX AND
12 TO REGULATE TO GIVE PEOPLE A FEELING THAT WHAT IS GOING ON IN
13 THEIR COMMUNITIES IS REALLY SOMETHING THAT THEY HAVE SOME
14 CONTROL OVER, THAT THAT IS WHAT IS GOING TO GIVE YOU THE KIND
15 OF PARTICIPATION AND GOOD OUTCOMES THAT YOU WANT.

16 I THOUGHT IT WAS FUNNY WHEN STEVE SOBOROFF
17 SHOWED UP AND SAID THE REASON BURBANK IS DOING WELL IS THAT
18 THEY HAVE BUD OVRUM; RIGHT?

19 THAT IS KIND OF THE ANTITHESIS OF HOW I LOOK AT
20 THE WORLD. IF WE JUST TOOK HIM AND PUT HIM IN L.A. THEN
21 THINGS WOULD WORK? THAT IS NOT HOW IT WOULD BE.

22 THAT IS KIND OF MY POINT, THAT IT'S THE
23 INSTITUTIONAL STRUCTURE AND THE SIZE OF BURBANK THAT MAKES IT
24 WORK, NOT THAT HE HASN'T REALLY CONTRIBUTED IN A BIG WAY
25 TOWARD BURBANK'S SUCCESS.

26 BUT IT IS NOT THAT SIMPLE, AND THAT IS WHY I
27 THINK IT IS IMPORTANT TO LOOK AT RIGHTSIZING CITIES.

28 I WANT TO SAY A LITTLE BIT MORE ABOUT ECONOMIES

1 OF SCALE TOO BECAUSE SO LONG IN THIS DISCUSSION OF
2 RIGHTSIZING, PEOPLE HAVE BEEN SAYING THINGS, LOS ANGELES AND
3 IN THE VALLEY, ABOUT HOW IT WOULD BE MORE COSTLY IF WE HAVE A
4 SMALLER CITY.

5 I HOPE TODAY'S DISCUSSION WITH THREE PEOPLE,
6 ONE AFTER THE OTHER, EXPLAINING THAT THERE ARE NO ECONOMIES OF
7 SCALE AND CITY SIZE WILL FINALLY CLOSE THAT DISCUSSION. BUT I
8 ALSO WANTED TO ADD A COUPLE MORE THINGS, THAT THERE ARE SOME
9 PAPERS I HAVE READ THAT THE GUYS TODAY OF COURSE DIDN'T TALK
10 ABOUT. THEY COULDN'T COVER THE WHOLE LITERATURE.

11 THE BEST WORK ON FIRE PROTECTION, WHICH WASN'T
12 MENTIONED TODAY, SUGGESTS THAT IN FACT ONCE YOU GET TO LIKE
13 20, 25,000 HOUSEHOLDS, THAT THERE IS NO ECONOMIES OF SCALE IN
14 FIRE PROTECTION, EVEN THOUGH MILAN DLUHY TODAY MADE IT LOOK
15 LIKE THERE ARE ECONOMIES OF SCALE IN FIRE PROTECTION.

16 YOU HAVE TO REMEMBER HE WAS LOOKING AT VERY
17 SMALL CITIES, AND SO THERE MAY BE ADVANTAGES WHEN YOU GO FROM
18 VERY SMALL TO MEDIUM. BUT SOME OF THE WORK I HAVE DONE HAS
19 REALLY LOOKED AT THAT PARTICULAR AREA MOST CAREFULLY, SHOWS
20 THAT THERE ARE NO PARTICULAR ECONOMIES OF SCALE.

21 SAME IS TRUE OF POLICE. THEY TALKED ABOUT IT
22 TODAY, BUT THERE ARE OTHER STUDIES THAT LOOKED REALLY CLOSELY
23 AT COMMUNITIES THAT ARE SIMILAR IN A LOT OF DIFFERENT
24 CHARACTERISTICS BUT ARE SERVED BY LARGE AND SMALL POLICE
25 DEPARTMENTS, AND THEY FOUND THAT THE COMMUNITIES THAT ARE
26 SERVED BY SMALL POLICE DEPARTMENTS IN MANY DIFFERENT KINDS OF
27 MEASURES OF OUTCOMES, NOT JUST LOOKING AT HOW MUCH CRIME THERE
28 IS, BUT ASKING PEOPLE HOW HAPPY ARE YOU WITH THE POLICE

1 SERVICE IN YOUR DEPARTMENT, THOSE STUDIES SUGGEST THAT THERE
2 IS NO EVIDENCE OF ECONOMIES OF SIZE.

3 THE LAST THING I WANT TO SAY IS ABOUT
4 NEIGHBORHOOD GOVERNANCE. AND I WANT TO MAKE SURE THAT WE
5 DON'T GET CONFUSED.

6 THE GOAL IN MY VIEW IS NOT TO HAVE AN ACTIVE
7 CITIZENRY. I DON'T WANT TO SPEND A LOT OF TIME IN
8 NEIGHBORHOOD COUNCIL MEETINGS. I WANT IT TO BE LIKE THE
9 PRIVATE SECTOR WHERE, WHEN I NEED A SUIT, I CAN GO TO THE
10 STORE AND IT'S THERE.

11 I WANT GOVERNMENT TO BE THAT WAY. I WANT IT TO
12 BE THE CASE THAT WE HIRE SOMEBODY TO PICK UP THE TRASH IN MY
13 COMMUNITY WHO DOES A GOOD JOB, AND IF THEY ARE NOT DOING A
14 GOOD JOB, THE PUBLIC OFFICIALS ARE ACCOUNTABLE TO THE
15 COMMUNITY, SO THEY MAKE THE CHANGES THAT ARE NECESSARY.

16 I KNOW THERE IS SOME BENEFITS TO RESIDENTIAL
17 PARTICIPATION AND THINGS LIKE POLICE WHERE YOU ACTUALLY NEED
18 PEOPLE TO BE ACTIVE; OTHERWISE IT DOESN'T IT WORK. YOU CAN'T
19 JUST BRING A POLICE FORCE AND CLEAN UP THE NEIGHBORHOOD.

20 BUT IN OTHER AREAS WHERE THAT IS NOT IMPORTANT,
21 I DON'T THINK THE GOAL IS NEIGHBORHOOD PARTICIPATION, I THINK
22 THE GOAL IS SERVICES THAT PLEASE THE NEIGHBORHOOD.

23 MR. POOLE: THANK YOU VERY MUCH, SHIRLEY.

24 OUR SECOND PARTICIPANT IS SAM OLIVITO. SAM IS
25 THE EXECUTIVE DIRECTOR OF AN ORGANIZATION THAT ISN'T AS WELL
26 KNOWN AS I THINK IT OUGHT TO BE IN CALIFORNIA, THAT IS THE
27 CALIFORNIA CONTRACT CITIES ASSOCIATION.

28 THIS IS A MEMBERSHIP ORGANIZATION OF ABOUT 80

1 CITIES IN CALIFORNIA, MOSTLY IN SOUTHERN CALIFORNIA, THAT
2 OBTAIN MANY OF THEIR SERVICES BY BUYING THEM FROM SOMEONE
3 ELSE, EITHER PUBLIC SECTOR, AGENCY, OR THE PRIVATE SECTOR.

4 SAM.

5 MR. OLIVITO: THANK YOU VERY MUCH, BOB.

6 LET ME GIVE YOU A QUICK OVERVIEW OF THE
7 CALIFORNIA CONTRACT CITIES ASSOCIATION. WE WERE BORN 1957.
8 AS A DIRECT RESULT OF 1954 INCORPORATION OF LAKEWOOD, CITY OF
9 LAKEWOOD, AND MANY OF YOU MAY HAVE KNOWN OR YOU STUDIED,
10 VARIOUS PRIVATE AND PUBLIC PROVIDERS OFFER CITY SERVICES.

