

Community Federalism:

Weaving the Local into a Sustainable System

by Ruth Caplan

From time dollars to worker and/or consumer-owned cooperative enterprises, people in local communities are finding innovative responses to our dominant economic system, which is driven by corporate CEOs and Wall Street gamblers. Today, these efforts are accelerating in the face of the economic crisis.

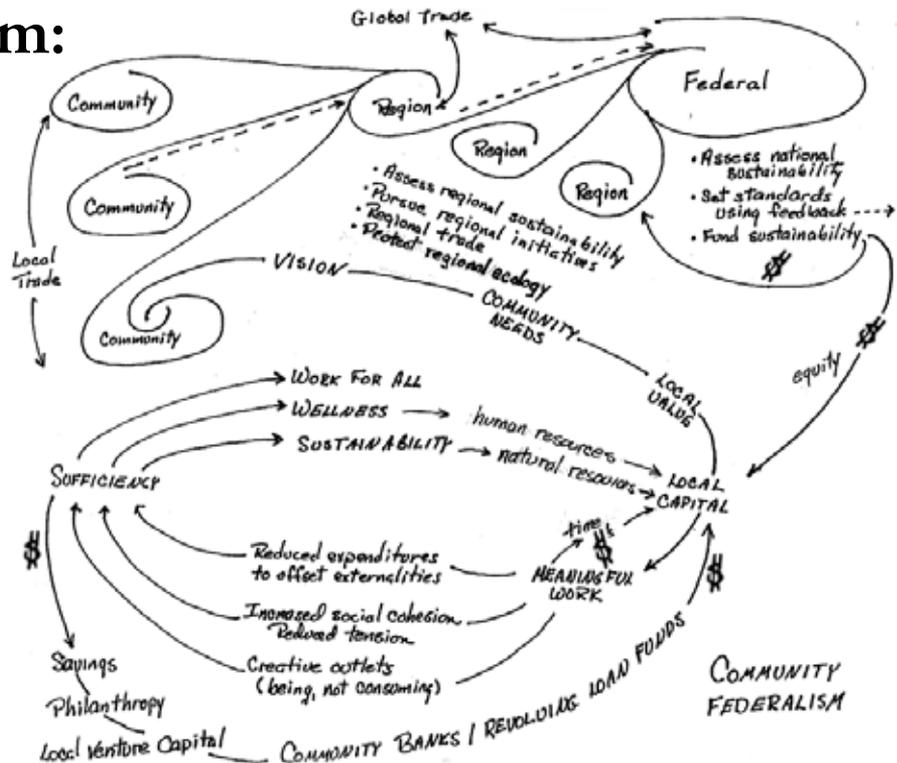
How can these efforts be linked together from the local to the national system of governance? What kind of a system is needed to promote an economy which protects and restores the environment for present and future generations? Can such a system ensure healthy communities with meaningful livelihoods for all job seekers based on the sustainable use of local resources for local consumption and regional trade?

These questions were raised in the mid-90s by the Economics Working Group made up of economists, writers, and policy advocates. Out of this collaboration came a working paper entitled *A General Agreement on a New Economy, GANE not GATT*. GANE calls for measuring progress using new economic indicators to measure well-being of the population and protection of the ecosystem.

Community federalism, rooted in the local while exploring what is needed at the regional and national levels, emerged as the central theme. Local communities begin the process by developing a vision for their future in order to maximize well-being; full employment with sustainable livelihoods; and environmental sustainability. All members of the community are heard and all options remain on the table until a final winnowing by consensus.

To implement the vision, a democratic participatory process that fairly represents all sectors of the community is established to develop specific plans and projects. In Washington State, the Envision Spokane project, with the goal of rewriting their city charter with a Community Bill of Rights, is an example of how such a process can work. Financing can come from savings in community banks, local taxes, local venture capital and philanthropy. "Time dollars" that exchange labor and local currency for goods and services help the community realize its vision without relying on national currency. Local funding is supplemented by federal funds in order to address the inequities of resources available to communities. In this way, federal taxes can actually help people create the kind of community they want.

As each community strives to become sustainable, some social and environmental costs of economic activity may fall outside the community. Economies of scale



Drawn to eliminate hierarchy, this flow chart helps visualize community federalism.

and the need for significant amounts of capital may lead to communities collaborating in regional development efforts from wind generators to technical training.

The federal government has three major functions in this process.

1. To remedy ecological and social problems arising from past and ongoing unsustainable activities.
2. To assist in the conversion to local and regional sustainable economies through an equitable distribution of federal tax dollars.
3. To ensure that corporations are not allowed to undermine efforts at building sustainable communities and regions.

Corporate charters must require corporations to:

- prepare production and product design plans facilitating the reuse and recycling of all materials;
- establish a rate of natural resource extraction that allows renewable resources to replace non-renewable resources.

Trade should enhance opportunities for useful work, improve residents' well-being and promote environmental sustainability in all communities engaging in trade of goods and services between regions and countries. To ensure international standards, a United Nations Code of Conduct for Transnational Corporations is essential.

For more about GANE, go to <http://www.greenecon.org/gane/> Send your comments and ideas to Ruth at rcaplan@igc.org.

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