

# A Forum for the U.S. Common Market of Local Economies

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Regionalism is not just for regions anymore. Local economies striving for high performance require effective regional governance. In turn, high performance of local economies requires a “voice” for each region in economic policy making for the nation.

There must be found a place for those collective regional voices to be heard, for the needs of the many local economies to be balanced with each other, and for the needs of the many local economies to be balanced with the needs of their linkages and the common elements among them. If such a place existed, it would loop back to encourage the further development of effective regional governance. We propose, therefore, a “forum for the U.S. common market of local economies.”

In our new book, *The New Regional Economies: the U.S. Common Market and the Global Economy*, we have offered the following points for a better framework for thinking about and acting on economics and political economy:

- Local economic regions are the real economies—the basic, functional economic units.
- These metropolitan-centered, regional economies are the building blocks of the three-tiered economic system—regional, national, and global. No part of this system is autonomous; linkages and interdependence pervade the networks.

- Political and economic boundaries are not congruent. The conventional nationalist assumption that they are is incorrect and results in flawed policy. The nation is not an “economy.”
- Political economies thus face the dual challenges of nurturing the economic commons for each of the three tiers and balancing the demands of each against the others.

These ideas no longer fit within the present dominant way of thinking about “the national economy.” This way does not adequately describe the real world and, as a result, does not provide a reliable and useful foundation for policy making. Therefore, we recommend a shift from this fatigued framework to the common market regional paradigm.

Changing the lens through which we see the political economy has a consequence. It leads us to reframe—in ways both large and small—how we understand the problems and the issues we face.

This redesign leads to four main recommendations for local, state, and federal government action:

1. Local governments and other stakeholders should use the regionalism framework for their own policy making, and they should get together in their area to form a regional economic commons to tend the local economy (the local economic region) and to participate in common market governance.

2. Each state should use the regionalism framework for its policy making and should arrange itself to meet with and address the needs of each regional economic commons that contains area within that state.
3. The federal government should use the regionalism framework for its policy making and should arrange itself to meet with and address the needs of each regional economic commons that contains area within the borders of the United States.
4. A forum for the common market should convene as a first step toward governance and policy making for the U.S. common market of local economies.

Taking these steps will require substantial adaptation by all governments—federal, state, and local. Implementing the common market regional paradigm also will reframe the interests of households, firms, and communities.

One welcome contribution of this reframing may be to simplify struggles over key economic issues fought out in those city trenches labeled zoning, land use, bus service, licensing, and so on. These governance recommendations will not put an end to local conflict, but they will shift conflict as well as coalition making into more productive channels. Another contribution would be to bring the fresh air of local reality into abstract federal and state policy development. (This is not an argument for “devolving” functions; it is a mandate for better federal and state policy making and capacity building.)

### **Conditions for the Forum**

Our proposal for a forum for the common market rests on several conditions.

- Each existing government must accept at least minimally the regional paradigm so that all participants are looking, so

to speak, at the same object (the local economy in the case of the regional economic commons; the economic system in the case of the common market).

- Each government must acknowledge the legitimacy of the interests of the others and must be able to take those into account in decision making for economic policy.

This second point has a familiar ring to Americans active in government and politics, in which only the interaction of the parts produces the whole—the “public interest.” This is the image of Madisonian republicanism, in which “factions” are everywhere, but are herded by the system into paths that lead to the better good of all.

The new question is where can this confluence of interests occur in the new political economy described here? Specifically, governance is required for each regional economic commons and for the whole common market. In neither case are the three-tiered levels of governmental federalism directly useful.

For the case of the regional economic commons, people and institutions in each area must put in place whatever means they can to meet the criteria of effective governance and policy for the local economy. Some important contributions must also be made by the federal government and especially by the states.

For the whole common market, additional intergovernmental dimensions open up. Most significantly, the distinction between national and local becomes harder to maintain. The federal government must act nationally and think regionally, and local (and state) governments must act locally and think regionally. Each takes on some of the mentality and perspective of the other by being engaged in this immensely interactive, though often conflictual and inefficient, relationship.

Thus, as at the regional commons, the issues for the whole common market are

most importantly governance and purposes rather than structure. As at the regional commons, for the whole common market there is no structural fix for the question of "who will speak for the commons?"

No existing government, including the federal government, can adequately address this question. The central issue is what each government can contribute to policy making for the common market, which does not belong solely to any of them because political and economic federalisms are not congruent. Furthermore, no existing government can speak for any individual regional economic commons or for the systems of them, but the regional economic commons must have voice in common market governance.

## **Focus and Purpose of the Forum**

Therefore, new arrangements are needed to facilitate governance and policy making for the common market. In the longer term, a variety of options are possible and a range of institutional capacities may be useful. In the near term, a forum for the common market is urgently needed.

The focus of the forum would be on economic conditions and issues in the local economic regions, in the linkage systems among the local economic regions, and thus throughout the common market. The purposes of the forum would be to move toward some triangulation of local, state, and federal government policies regarding this focus and to develop an ongoing governance capacity for the common market. The initial agenda would seek some balance between near-term policy results and the next steps toward establishing the forum or its successor.

Voices from and for the regional economic commons should be heard in the forum. The opportunity to participate will create an incentive for stakeholders in each

region to come to some agreement about representation and accountability. That may not be an easy or attractive process in all cases.

Similarly, but even more difficult, the forum creates a voice for the common market. No existing entity supplies that voice; the federal government is not the common market. That voice can be expected to be multitudinous and discordant but to move, over time, to some patterns that persist.

The choice of a first step toward the forum would be pragmatic. Convening an event would provide drama and specificity. The president could call together the forum (President-elect Clinton did something like this in December 1992, but the agenda and participants list reflected the conventional nationalist paradigm), or a group of regional economic commons representatives could issue a call. The agenda for this event, as noted, would be a combination of policy concerns and steps toward governance capacity.

Another step would be a report on the state of the common market. This report would provide information and frame aspects of a public discourse. It could be issued periodically, with some portions issued more frequently than others, depending on the availability of data.

Besides the forum, the interlinked nature of the regional economic system will require and probably engender other new structures and collaborative processes. Federal, state, and local governments, along with regional economic commons governance representatives, will have to combine in various ways to address such situations as the following:

- individual local economic regions that cross state lines;
- individual local economic regions that cross national boundaries;
- sets of local economic regions that are contiguous;

- sets of local economic regions that are closely linked (e.g., because they are dominated by a similar industrial sector, or because one is dominated by suppliers of the industry that dominates the other) but are not contiguous;
- U.S. local economic regions that are closely linked but not contiguous with one or more local economic regions abroad; and
- sets of regional economic commons that want to make bilateral or multilateral agreements among themselves.

The call for a forum for the common market is not a call for some new government. It is a recommendation that governments come together to address the needs of the economies and the systems of economies for which they share responsibility and on whose performances their fates depend. Nurturing the economic system, the operational criterion, is more important than any particular mechanism.

An arrangement for a convocation of stakeholders is crucial to the economic and

political future of the United States. The opportunity to participate will also provide strong incentives for the creation of effective governance for each regional economy. ■

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## Note

*This essay is adapted from Chapters 11 and 12 of The New Regional Economies: the U.S. Common Market and the Global Economy, Sage Publications Inc., Thousand Oaks, California, 1998.*