

2007 NEW RULES PROJECT ACTIVITY REPORT



Institute for Local Self-Reliance

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“Why new rules? Because the old ones don’t work.”

— David Morris, Vice President, ILSR

“No matter what keeps you awake at night – whether it’s the melting ice caps, peak oil, the threat of terrorism, the power of corporations, or the demise of civic engagement – the solution to all these problems lies in rebuilding our local economies.”

— Stacy Mitchell, Senior Researcher, ILSR

All human societies are governed by rules. “We make the rules and the rules make us,” is the motto of ILSR’s New Rules Project. ILSR has created and promotes the nation’s largest storehouse of state and local rules, laws, regulations, and ordinances that channel entrepreneurial energy, investment capital and scientific ingenuity into technologies and institutions that strengthen communities, making them more equitable and sustainable. Our web site, newrules.org, puts forth innovative policies across many sectors. Our staff directs their efforts and outreach to those issues upon which we can have the most immediate impact.

Our work has been recognized as effective and pioneering for many years:

“Whether it’s cell phone towers or retail outlets, the issue for many communities is asserting their power to decide their own futures . . . Towns need the legal tools and expertise it takes to protect their character. The Institute for Local Self-Reliance can help. Check out www.NewRules.org.”

— The Boston Globe

“New Rules . . . is setting out to change the world. This nonpartisan group has a vision of the future based on rational regulation (the ‘new rules’) written with the interests of individual citizens rather than conglomerates and politicians at heart . . . Any city

with an active electorate will value the research and guidance provided on these important issues . . .”

— The Library Journal

In 2007, the New Rules Project and its philosophical and strategic framework have become increasingly visible. Articles by or about our staff and work have appeared in over 100 newspapers and magazines, as well as on more than 50 radio and TV stations. A sampling of the print media reporting includes:

Washington Post, Wall Street Journal, New York Times, TIME, Christian Science Monitor, Minneapolis Star Tribune, and Los Angeles Times.

THE HOMETOWN ADVANTAGE

We focus on retail because that is where business meets the household, literally and figuratively. It is where the conversation between community and economy is most intimate. Yet, public policy currently encourages and subsidizes bigness and absentee ownership and long distribution lines in all sectors. The resulting separation of

the producer from the consumer from the waste disposal site not only generates substantial ecological damage, but also, by separating those who make the decisions from those who feel the impact, discourages civic engagement.

In the last year, New Rules advanced our leadership in strengthening locally owned businesses and opposing big

box “super-stores.” We provided direct personal assistance to dozens of local campaigns and contributed to the passage of anti-big-box and pro-local-business ordinances

in at least a dozen cities and towns. We are energized and encouraged by the hundreds of supportive messages we’ve received from residents and businesses in these communities. Here’s a small sampling:



Over 1000 people in Minneapolis attended a conversation between ILSR’s David Morris and Paul Krugman from the *New York Times*.

AMERICAN INDEPENDENT BUSINESS ALLIANCE
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**Put Your Money
Where Your House Is!**

local independent
businesses are
your best value



strengthen our
community
and our economy

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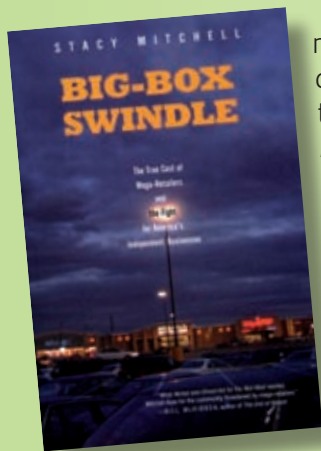
Example of how communities are encouraging people to support locally owned businesses.

"Here's what was enacted. You have absolutely no idea how much you, in particular, along with New Rules helped us through this... I'm sure I quoted you hundreds of times during this process. I also passed along a link to the site. You are having a HUGE impact."

— Julie DeMarco, citizen activist in Fairfield, Connecticut

"Just a quick note to tell you that Bellingham City Council passed an ordinance tonight with a 90,000 sq. ft. size cap and design standards for stores above 60,000 sq. ft. I am sure that the information you provided to Council members was invaluable in convincing them to vote for the ordinance. Thank you from the bottom of my heart for your help."

— Betsy Pernotto, Bellingham, Washington



We added two new arrows to our quiver. One is the *Big Box Toolkit*, a web site (www.bigbox-toolkit.com) that contains strategic advice, news of current initiatives, and how-to tools for activists.

The other is our new book, *Big Box Swindle*, published by Beacon Press in hard cover in November 2006 and in paperback in October 2007. *Big Box Swindle* has received universal praise and *Booklist* voted it one of the top 10 business books of 2007.

"*Big Box Swindle* is entitled its share of plaudits in line with earlier real estate muckraking books dating at least as far back as (Jane Jacobs') *The Life and Death of Great American Cities*."

— Urban Land Institute

"Feisty and controversial... a valuable read for anyone who covers growth and development and the impacts of large businesses..."

— Society for Environmental Journalists

Moreover, our content-rich on-line newsletter, *The Hometown Advantage* (www.hometownadvantage.org) continues to gain subscribers and readers.

In 2007, after several years of city-by-city organizing, a coalition of Maine-based groups, led by ILSR, succeeded in persuading the Maine state legislature to enact the Informed Growth Act. This is the first statewide law that requires economic impact studies for all large retail developments and gives municipalities the authority to reject projects negatively affecting existing jobs, wages, local businesses, and tax revenues.

But, ILSR doesn't work just to stop big box retail. We also work for independent business alliances. For example, we serve on the Board of the American Independent Business Alliance and have enabled formal alliances of locally owned businesses in more than 30 states. We view them as potential alternative chambers of commerce; that is, business chambers where policies that promote rooted and community-oriented enterprise are a key focus.

DEMOCRATIC ENERGY

Energy is the lifeblood of modern economies. Recently, there has been bipartisan recognition that we cannot continue to rely on an energy system that is dependent on hostile and foreign suppliers, that is dependent on fuels that are becoming increasingly scarce, and that burns fuels that contribute significantly to global warming.

Our energy work embraces four discrete, but overlapping initiatives:

1. An electricity-alcohol transportation system.

Electric vehicles have three times the fuel efficiency as existing gasoline vehicles. Together with biofuelled backup engines and renewable generated electricity, they can lead to a fully sustainable transportation system. In 2007, *Travel & Leisure*, the nation's



Stacy Mitchell, author of *Big-Box Swindle*, speaking in Utah.

most widely read travel magazine, with 1 million subscribers, published an article by ILSR's New Rules staff on the subject. By the end of 2007, we will issue an updated version of our 2003 report entitled, *Driving Our Way to Energy Independence*. New Rules staff wrote legislation that was adopted by

the Minnesota state legislature in 2006 requiring state agencies to purchase plug-in hybrid cars, even if they cost slightly more. In 2007, we helped to persuade the Minnesota legislature to provide \$2 million in funding for the plug-in initiative.

2. Local Ownership of Renewable Energy.

In 2007, New Rules continued its 15-year effort to encourage local ownership of wind turbines and biorefineries. In the 1990s, staff helped to enact state incentives for local ownership. In 2007, staff worked to change federal incentives for wind energy, so that they would be more useful for raising local financing, rather than encouraging absentee ownership. In a *New York Times* opinion piece, we argued for a change in the federal ethanol incentive so that it would enable local ownership. We have also spoken out at national and regional conferences about the disappointing post-2005 trend toward absentee owned biorefineries. A New Rules report, *Wind and Ethanol: Economies and Diseconomies of Scale*, argued that smaller facilities were competitive with larger facilities. The Center for American



Locally owned renewable energy projects are creating rural economies.

Progress published a report we wrote, *Energizing Rural America: Local Ownership of Renewable Energy Production is the Key*. It was distributed to members of Congress and formed the basis for a briefing by New Rules staff of Congressional staff in Washington, D.C. New Rules staff also helped to organize a new trade association of community based, wind energy developers in the Midwest, called the CBED-Initiative (Community Based Energy Development) and currently serve on its Board.

3. Climate neutral building codes.

New Rules staff developed state (and local) legislation that would have required all publicly financed buildings to be carbon neutral. In Minnesota, we formed a diverse coalition including the state architect, the state Department of Administration, University of Minnesota, the state colleges and others to support the proposal and develop an implementation and enforcement system. Over two years the proposal was heard and passed out of a half-dozen committees and the full Minnesota Senate. But in the last few days of the session the bill was killed by the Minnesota House. The idea is currently being considered by a state level global warming task force and appears to have solid support. In late 2007, we issued a report titled, *The Policy Gap: Minnesota Energy Policy vs. Minnesota Climate Policy*, which argued that the existing energy policies are not sufficient to meet the state's newly enacted goals of dramatically reducing greenhouse gas emissions. The report has been widely circulated and will provide a foundation for continued energy policy efforts in Minnesota and elsewhere during 2008.

4. Carbon caps and universal rebates.

In 2007, the Minnesota legislature established a task force to recommend strategies for reducing greenhouse gas emissions, including a carbon cap and trade system. In response, David Morris and Peter Barnes, author of the pioneering book, *Who Owns the Sky?*, wrote an op-ed in the *Minneapolis Star Tribune* that recommended three key elements to any carbon cap system. One key principle is that the biosphere is a commons and belongs to all of us equally. With that principle in mind, we are advocating that the billions of dollars raised annually from any future carbon cap should be given back on a per capita basis. This "universal rebate" strategy has gained considerable traction in 2007, with discussions occurring in several states that have enacted greenhouse gas reduction goals. At present, the design of a cap and trade system rests almost entirely in the hands of corporations and environmental organizations. With billions of dollars at stake, we argue that social justice advocates need to be at the table as well, if only to propose an equitable distribution of the proceeds from the permit auctions.

TELECOMMUNICATIONS AS COMMONS

High-speed information highways are to future economic competitiveness what high speed vehicle highways were to past economic competitiveness. Many cities are vigorously pursuing a citywide broadband network. ILSR's New Rules Project entered this arena in 2005 with a focus on public ownership of the physical infrastructure and the creation of a common carrier, public-access system. A key reason for this is that the federal government has recently given the owners of private information networks (e. g. cable and phone companies) the right to set the rules for users and customers of the network. This includes making it challenging for competitive service suppliers and small business customers to gain access to the system at a reasonable price.

In the last two years we have had a visible impact on the nature of the conversation, with public ownership increasingly becoming part of the discussion by a wide range of constituencies and organizations: city officials, activists interested in overcoming the digital divide, the new generation of producers who rely on the internet for distribution (such as writers, musicians, and filmmakers) and local businesses that are looking to a network that offers low cost and competitive service providers.

In January 2007, we issued a white paper, *Localizing the Internet: Five Ways Public Ownership Solves the U.S. Broadband Problem*. This widely distributed report has become an important tool for those arguing for public ownership and universal and equitable access. In August 2007, we published the *Burlington Telecom Case Study*, also a widely disseminated and influential report that spotlighted a city whose initial telecommunications efforts failed, but were successfully revived and have become a model city-wide wired network. The case study brought about interviews with Chris Mitchell in *Information Week*, the leading Information Technology print magazine, and on *Future Tense*, a nationwide public radio program.

In 2007, New Rules also produced a much-needed financial model to evaluate local telecommunications investments. This spreadsheet was presented in an article in *Government Finance*, which reaches 17,000 city and county financial officers.

In 2007, some of our earlier interventions bore fruit. One example of this was in San Francisco. In early 2006, activists in San Francisco sought our advice and participation in their efforts to persuade the city to reverse its initial



Renewable energy development in Minnesota.

decision in favor of a privatized, city-wide wireless network. Our initial report was circulated to the County Board of Supervisors and was instrumental in their analysis of private and public ownership options. Then, in early 2007, they endorsed public ownership, creating a gridlock between the Board and the Mayor's office. In the summer of 2007, Earthlink, the winner of San Francisco's initial request for bids, decided to withdraw from its municipal wireless business. As a result, San Francisco is currently investigating more seriously a publicly owned, network option.

In our role on the task force established by St. Paul, Minnesota to develop a plan for a citywide information network, we've persuaded the task force to go beyond wireless and explore a long-range strategy. The task force's report recommending a

publicly owned, citywide fiber network was unanimously adopted by the City Council and Mayor in September 2007, and we are currently working with the city on an implementation plan.



New Rules is rapidly becoming a go-to organization for reporters, city officials and activists who want to pursue public ownership. In October 2007, at the Rural Telecommunications Congress, we debated the conservative

Heartland Institute on the appropriateness of public telecommunications ownership for rural communities. We expect to continue this debate in other venues in 2008.

Also in 2008, we intend to build up a tool-kit for the Telecommunications Commons section of the New Rules web site similar to the tool-kit for the Retail section. We will be publishing a series of policy briefs to address various important issues confronting cities wanting to enter the telecommunications arena.