
The View from Steel Country

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Here in steel country, the evidence is overwhelming that profit-maximizing corporations will not rebuild industries that are essential to society but yield a low rate of return.

In Youngstown, three different steel companies chose to close mills rather than replace their obsolete open hearths with modern electric furnaces. In Pittsburgh, United States Steel spent \$6 billion in cash and credit, not to modernize its steel facilities but to buy the Marathon oil company. And in West Virginia, the National Steel conglomerate decided not to make the investment required to update its Weirton steel mill because it could make more money by investing the capital in other ways.

Executives such as Howard Love, chairman of the board of National Steel, or David Roderick, chairman of the board of U.S. Steel, are entirely candid about the reason for these decisions. Steel, because of the huge investment of fixed capital required, has always been a marginal profit-maker; because of inflation and high interest rates, corporations now seek investments with a 20 percent rate of return; hence a corporation that owns, in addition to steel mills, real estate, chemical plants, raw materials, or savings and loan associations, will "flow" investment away from steel.¹

In view of the corporate objective of maximizing profit, government incentives that seek to induce corporations to make the desperately needed investments in modernization will have limited results. Again the steel industry offers a dramatic example. The Steel Industry Compliance Extension Act of 1981, an amendment to the Clean Air Act, allowed steel companies to postpone expenditures required to bring their mills into compliance with the Clean Air Act if the same amount of money was invested in modernization. Since the steel industry had lobbied vigorously for the amendment, there seemed every reason to believe that substantial capital investment would occur.

¹ See Mr. Love's statement of March 2, 1982, as to the reason for National's decision not to make further investments in its Weirton mill, or Mr. Roderick's interview with filmmakers from California Newsreel excerpted in *TriState Conference on Steel Newsletter* 2, no. 2 (November-December 1982): 11-12.

But everything depended on the decision by steel companies to utilize the incentives offered by the amendment. U.S. Steel was not obliged to make particular investments in particular mills. The company was told that *if* it chose to defer pollution expenditures, it could do so on condition that it invest the same sum in modernization.

In fact, U.S. Steel chose to make only token use of the opportunity. The company requested deferral, and thus promised modernization, in the amount of only \$13 million nationwide. This sum may be compared to the \$70 billion that the American Iron and Steel Institute estimated to be needed for modernization of the American steel industry during the 1980s.² It is far less than the \$150 million that the company estimated to be required for modernization of steel-making at only one of its many old mills, the Homestead Works.

Few would dispute America's need for a modern steel industry, even if reduced in size. To whatever extent the American economy requires the modernization of industries such as steel, the investment of profit-maximizing corporations cannot be depended on to bring it about. Other approaches are necessary. I have classified such approaches under the categories "reindustrialization from above" and "reindustrialization from below."

There seem to be two fundamental versions of reindustrialization from above, private and public. In one instance investment decisions would be made by investment bankers; in the other, by the federal government.

The investment banker's version of reindustrialization from above is associated with the name of Felix Rohatyn. Mr. Rohatyn proposes a new Reconstruction Finance Corporation directed by investment bankers like himself (he is a partner of Lazard Frères). As it happens, he shares my own views about the desirability of rebuilding the American steel industry in the communities where it has historically existed, rather than either abandoning the industry altogether, and relying on imports, or rebuilding the mills in new "greenfield" sites. Most recently, Mr. Rohatyn told *The New York Times* that "[the country needs a strong steel industry] not only in the narrow sense that steel is indispensable for weapons, but in the larger sense that the United States would be fundamentally weakened if it depended on foreign countries for so crucial a resource."³

The problem is, however, that whether or not one agrees with some particular view of Mr. Rohatyn's, in this investment decision-making process he and his colleagues would be accountable to no one: "The absence of even the slightest concern for the need for such accountability is the greatest single danger posed

² American Iron and Steel Institute, *Steel at the Crossroads: The American Steel Industry in the 1980s* (Washington, D.C.: 1980), Chapter 6.

³ "The Shrinking Steel Industry," *New York Times*, January 24, 1983.

by the corporatist models of Rohatyn and Thurow."⁴

I have had an opportunity to observe the Rohatyn approach in action. On March 2, 1982, the National Steel conglomerate announced that it would make no further investments in its Weirton Steel division because a higher rate of profit could be made elsewhere. In the same press release the conglomerate suggested that the 11,000 employees of Weirton Steel buy the mill themselves.

A Joint Study Committee (JSC) was formed, composed of representatives of Weirton Steel management and of the independent (company) unions made up of production and maintenance employees and plant guards. The formation of the JSC was announced to Weirton employees by the company president, J.G. Redline. Mr. Redline was the JSC's first chairperson. The JSC's address was the address of Weirton Steel.

The JSC hired certain consultants, including the investment firm Lazard Frères where Mr. Rohatyn works, and a firm to conduct a feasibility study. The feasibility study was paid for with more than \$400,000 from the union Strike and Defense Fund.

The principal recommendation of the feasibility study was a 32 percent reduction in the compensation of Weirton Steel employees, with additional reductions in the event that steelworkers covered by the Basic Steel Contract made concessions. The study did not justify the 32 percent cut in wages and benefits. Although it referred to Weirton Steel as a relatively high-cost producer, at least in some of its product lines, the study nowhere explained why so gigantic a reduction in compensation was required to overcome this problem. In fact, the compensation of steelworkers at Weirton Steel was approximately 9 percent greater than the compensation of steelworkers represented by the United Steelworkers of America and covered by the Basic Steel Contract.⁵ (The reason for the difference is the effort by Weirton Steel management over the years to prevent unionization by the USWA.) Thus two-thirds of the proposed 32 percent reduction in compensation proposed by the consultant was unexplained.

In the text of the feasibility study distributed to union members, graphs that purport to represent the difference in costs between Weirton Steel and its competitors appear with no numbers on the vertical axes. Two professional economists I have consulted concur that, in the absence of these numbers, it is impossi-

⁴ Barry Bluestone and Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry* (New York: Basic Books, 1982), p. 232.

⁵ The Independent Steelworkers Union hired the accounting firm Touche Ross to provide accurate wage and benefit data for use in buyout negotiations. Touche Ross found that the total cost per man hour of production and maintenance workers at Weirton Steel as of April 1, 1982 was \$24.91. The American Iron and Steel Institute reported the total cost per man hour in the steel industry as a whole as of April 1982 was \$22.63. The difference is 9 percent.

ble to know why the study recommends any reduction in compensation, let alone 32 percent rather than 9 percent. Footnotes to the text of the feasibility study state that the missing numbers are included in a so-called confidential appendix.

One might suppose that even if the data contained in the confidential appendix were too sensitive to be revealed to union members, the union itself, having paid for the study, would receive the confidential appendix as a matter of course. However, testimony in federal court in November 1982 revealed that there were three copies of the confidential appendix extant, possessed by the New York City firm that conducted the feasibility study and compiled the appendix; the New York City corporate lawyers who represent the JSC; and Lazard Frères which, of course, is also in New York City. Thus the data said to justify the reduction by one-third of West Virginia steelworkers' standard of living are available only in New York City, and the union, although it paid for the data with the dues money of its members, has no access to these facts.

Finally, the board of directors of the proposed "employee-owned" firm is to consist of two directors representing the union, two directors selected by local management, and six "experienced independent directors"—a majority—initially chosen by the promoters of the project and thereafter by the board. These independent directors will presumably represent lenders or brokers such as Lazard Frères.

To date, the Weirton story justifies Bluestone's and Harrison's fear that "the price of an RFC investment would almost always include a commitment to wage cuts on the part of the workers in the failing firm,"⁶ and their fear of the unaccountability of those making such decisions.

There is a second variety of reindustrialization from above, in which the decision-maker is the federal government itself. The prototype of public reindustrialization from above is the Tennessee Valley Authority. TVA remains an indispensable model for thinking about reindustrialization. First, it introduced the idea that when private enterprise declines to provide a socially needed good or service, the public should step in and do the job itself. And second, TVA stands for the still-novel proposition that investment in public works such as flood control should be linked with appropriate production of goods such as electricity.

But TVA provides no formal means for the people of the region it serves to participate in its decisions, and is in its own way as autocratic as Mr. Rohatyn's RFC.

Since it is a federal agency, none of these states has any effective regulatory control over TVA; no public service commissions regulate its actions as they do in areas served by private utilities. Furthermore, since it supplies power through distributors rather than directly to ratepay-

⁶ *Deindustrialization of America*, p. 211.

ers, the consumer does not deal with TVA directly. What little oversight of the agency does exist is parceled out among various congressional committees, many headed by politicians who have reaped the rewards of TVA pork-barrel projects. In essence, the operations of this \$4-billion-a-year agency rest in the hands of a three-member board of directors appointed by the president and approved by the Senate.⁷

The point needs emphasis, because some progressive visions of reindustrialization place in the center of the process a kind of super-TVA. The International Association of Machinists, for example, has caused to be introduced in Congress a bill for "Rebuilding America."⁸ The proposed legislation is full of imaginative and useful ideas, some of which will be considered later on. But one key feature is a technocratic nightmare.

Under the IAM bill, corporations would pay an annual amount equal to 1 percent of net sales into a federal investment reserve fund. This fund would be administered by a "domestic investment and production agency," with "exclusive responsibility within the executive branch for domestic economic policy formulation and implementation," and whose primary duty is

to develop an industrial policy that will achieve and sustain full employment, mitigate economic dislocation, allocate resources and facilitate the transfer of resources to designated areas of priority need and critical and emergency needs.

Like TVA, the agency would have a director nominated and appointed by the president with the advice and consent of the Senate. The director would be assisted by deputy directors, also appointed by the president and confirmed by the Senate. One of these, the deputy director for national priorities, would have

the following duties: (a) through social cost-benefit analysis, review and evaluate all federal assistance, regulatory and tax programs affecting economic development, in order to identify overlaps and/or gaps, excessive bureaucratic costs, and tax barriers or bonanzas, (b) canvass and prioritize economic and social needs in the civilian sector of the economy, (c) independently review, assess, prioritize and make recommendations to reconcile the economic demands of the military sector of the economy, with the needs of the civilian sector, (d) develop an economic adjustment and development plan that will (1) fulfill un-

⁷ Jim Overton, "Taking On TVA: Tennessee Valley Ratepayers Protest Soaring Electric Utility Charges," *Southern Exposure* 11, no. 1 (January-February 1983): 23.

⁸ See International Association of Machinists, "Workers' Technology Bill of Rights," *democracy* 3, no. 2 (Spring 1983): 25-27.

met civilian economic and social needs, (2) meet realistic requirements of the military, (3) in the event of economic dislocation, whenever and for whatever reason, protect workers income, health care and housing; provide job training and continuity of employment; sustain vital community services that may be impaired and develop an economic reconstruction plan that will make impacted local economies viable and whole.

This ubiquitous person would have discretionary use of the federal investment reserve fund, and in cases of failing enterprises or enterprises faced with extinction would recommend to the director a plan

for either (a) public ownership, including community/worker ownership, or nationalization, (b) taxpayer subsidies, or their elimination, or government-private joint ventures, (c) taxpayer loans or loan guarantees, (d) acquisition or merger, (e) consolidation, (f) divestiture, (g) bankruptcy, (h) liquidation.

There has to be a better way than this. Faced with the alternatives of investment decision-making by the U.S. Steels and Lazard Frères of the world, or investment decision-making by an omnipotent deputy director for national priorities, one would be hard pressed to choose. Is it really impossible to combine the public overview and funding that we all sense to be necessary, with the local decision-making and risk-taking we all stubbornly want as well?

Reindustrialization from below also comes in two varieties. In the first, and typical, version, what is proposed is not reindustrialization at all: rather the idea is public-works jobs to rebuild the physical infrastructure of cities. The second approach, which I shall advocate here, is to use the model of short-run public-works programs and apply it to the production of goods and services over the long term.

The IAM's proposed bill for rebuilding America contains a public-works proposal far more democratic and decentralized than its scheme for reindustrialization. Under the act, any incorporated municipality of 250,000 or more persons could apply for inner city development funding if it

(1) specifically defines a neighborhood or area within its boundaries as an underdeveloped depressed zone, based on chronically high unemployment and low per capita income as determined by census results, (2) constructs a comprehensive development program which (3) is locally conceived with full planning participation by democratically elected representatives of affected residents, workers and government officials and (4) which, upon completion of the plan, is approved by a simple majority of citizen voters residing in the designated development zone and (5) which thereafter establishes a locally controlled not-

for-profit Community Development Corporation to implement and administer the program in the designated development zone.

The proposed community development corporations would be funded, first, by low-interest long-term loans from the federal financing bank (an existing off-budget agency), and second, by the sale of bonds (known as certificates of participation) guaranteed by the federal government in an amount up to \$250 billion.

The local comprehensive development programs to be funded in these ways would include, according to the IAM proposal, such components as:

- bridge, street, alley and public walkway improvement and construction
- public lighting, utility and water system improvement and construction
- sewer improvement and solid waste collection and disposal systems
- public transportation system improvement and modernization
- local alternative safe energy production facilities, such as co-generation, low-head hydro, solar systems, and resource recovery (solid waste fuel) systems
- neighborhood school plant and equipment rehabilitation and modernization
- medical and dental clinic facilities
- legal clinic facilities
- government office center for access to most often used local, state and federal offices, such as employment and unemployment services, Social Security, food stamps and welfare services, postal services and police and fire protection
- neighborhood drug abuse treatment, drug control and prevention and drug users rehabilitation program
- neighborhood crime prevention and crime control program
- homesteader housing program, which may be undertaken through a local cooperative association. No resident or family will be forced from their domicile if they wish to homestead or rent, except voluntarily for a period of home rehabilitation and renovation
- senior citizen cooperative housing, health, nutrition and utility payment program
- child care programs for working parents
- neighborhood cooperative bank under the auspices of the National Consumer Cooperative Bank Act

- community-owned media center with guaranteed public access to cable, UHF and VHF television programming, National Public Radio and for the publishing and printing of locally owned and locally managed newspapers and/or magazines
- sheltered workshops for employment of the handicapped

Similarly, the jobs bills before the 98th Congress call for public funding of mass transit; non-interstate highways; Amtrak; soil conservation and flood control; national parks and forest service; maintenance and construction of VA hospitals, prisons, day care centers, and schools; water systems; land reclamation; and weatherization.

All current proposals known to me are less radical than TVA in that they shy away from proposing the production of goods in competition with the private economy.⁹ In generating electric power for households in the hollows of Appalachia that Commonwealth and Southern found it could not profitably serve, TVA provided a yardstick to measure the efficiency of private enterprise and supplied a market that private enterprise had written off.

Like TVA, a reindustrialization program for America should combine a massive public works program to rebuild the nation's infrastructure with public production of goods that the public works program requires. Steel and cement are obvious candidates; there are others. The open-hearth furnaces closed by U.S. Steel at its Homestead Works and the Bessemer Cement company's shut-down facility at Bessemer, Pennsylvania, could be put back into production and modernized to provide the materials needed to rebuild Pittsburgh's bridges, mass transportation, and schools.

Reindustrialization from below, as I envision it, is simply the idea that the federally-funded, locally-managed model projected by the IAM and others for temporary public works programs should be used in the permanent acquisition and operation of basic means of production. The elements of such a bottom-up, decentralized approach to reindustrialization would include: use of the eminent domain power by local public bodies to acquire facilities that private enterprise no longer wants to operate; federal financing; decentralized public or cooperative management; and maximum local and regional economic self-sufficiency.

Both in imagination and fact, creation of a people's economy has involved the physical taking of abandoned factories from their present owners and using

⁹ Thus David Kotz in "A Jobs Program to Rebuild U.S. and Expand Democracy," *In These Times*, March 9, 1983, would spend \$125 billion rather than the presently proposed \$5 or \$10 billion to finance job creation, yet would create jobs merely by "a variety of public works and public service projects."

them for new, public purposes. Thus André Gorz describes the morning after the revolution as follows:

When they woke up that morning, the citizens asked themselves what new turmoil awaited them. After the elections, but during the period of transition to the new administration, a number of factories and enterprises had been taken over by the workers. The young unemployed, who for the previous two years had been occupying abandoned plants in order to engage in "wildcat production" of various socially useful products, were now joined by a growing number of students, older workers who had been laid off recently, and retired people. In many places, empty buildings were being transformed into communes, production cooperatives, or "alternative schools."¹⁰

Nothing might seem more remote from traditional American ideas about the sanctity of private property. But the ongoing epidemic of plant shutdowns has transformed this portion of the ideological landscape. Increasingly, workers and communities in the industrial heartland are asking: If the company refuses to run the plant any longer, why don't we buy the damn place?¹¹ The same question presents itself to society as a whole in the form: If corporate America no longer finds it profitable to make (for example) as much steel as we need, why don't we do it ourselves?

The power of eminent domain gives local communities a means to acquire abandoned industrial facilities and operate them in the public interest. Eminent domain is an ancient Anglo-American legal concept. Just as the management-rights clause in a collective bargaining agreement is management's residual power to take action in the interest of the enterprise, so eminent domain is part of a community's residual power to do whatever is necessary to preserve itself. When this power takes the form of restrictions and prohibitions for which no compensation is required, it is considered the "police power." But when the necessary action is the acquisition of private property for a public purpose, it is done in the name of eminent domain.

In colonial America, the power of eminent domain was often used (as it still is today) to take private property for public roads.

Anyone, such as a new town, that wanted a new road applied to the county court, which appointed a commission to report on the need. Upon the commissioners' report, if the court found the road needed, a

10 André Gorz, "Utopia for a Possible Dual Society," an appendix to *Ecology and Politics* (Boston: South End Press, 1980).

11 In *The Fight Against Shutdowns: Youngstown's Steel Mill Closings* (San Pedro, California: Singlejack Books, 1982), ch. 3, I describe the genesis of this idea during the mill closings in Youngstown.

local "jury" was appointed to lay out the route. Compensation was provided for [if the land taken was improved; wild land was not paid for on the theory that the road created more benefit than it destroyed]. . . . An owner aggrieved by the "jury"'s estimate could appeal to the county court. Once a road was built, it was maintained by the citizens of the towns through which it ran, who, under the direction of town "surveyors," had to donate labor and materials.¹²

This eighteenth-century procedure is perfectly applicable to the public acquisition of a modern factory that shuts down. Upon a preliminary showing of need a feasibility study is made. If the feasibility assessment is favorable, the input of workers is solicited as to exactly which products, machinery, and buildings should be appropriated. Compensation is provided, as is a process for appealing the amount fixed. Finally, the local community not only takes but operates the plant under the direction of experienced supervisors.

And indeed, in nineteenth-century America the eminent domain power was typically used to assemble property for industrial use. During the first half of the century land was taken by authority of "mill acts" in the various states. If the creation of a mill resulted in the flooding of land upstream from the new industrial site, the Massachusetts mill act limited the injured party "to yearly damages, instead of a lump sum payment, even if the land was permanently flooded," and thus "in effect, compelled the landowner to make a loan to the mill owner and . . . enabled the mill owner to amortize any permanent damage he caused."¹³ During the second half of the nineteenth century eminent domain was vigorously employed by railroads to acquire land for their rights-of-way.

Two recent decisions by the supreme courts of Michigan and California once again make clear that cities and states may use the eminent domain power to acquire industrial property. The city of Detroit used its eminent domain power to acquire a 465-acre neighborhood known as "Poletown," destroying in the process over 1,000 homes and apartment buildings and displacing 3,500 people. The land was then reconveyed to the General Motors Corporation at a fraction of its cost to the city to be used as the site for a new Cadillac assembly plant. The Supreme Court of Michigan held that this was a proper taking for a public purpose under the eminent domain power.¹⁴

Similarly, the city of Oakland invoked the eminent domain power to restrain the Oakland Raiders football team from moving to Los Angeles. The California Supreme Court held that 1) this was a public purpose, and 2) the eminent domain

¹² Stoebeck, "A General Theory of Eminent Domain," *Washington Law Review* 47 (1952): 581-583.

¹³ Morton J. Horwitz, "The Transformation of the Concept of Property in American Law, 1780-1860," *University of Chicago Law Review* 40 (1973): 271, 273.

¹⁴ *Poletown v. City of Detroit*, 410 Mich. 616 (1981).

power could be used to take any kind of property, not just land.¹⁵ The case is still in the courts.

This bird's-eye view of the law of eminent domain necessarily oversimplifies. Still it is a fair conclusion that the obstacles to taking and operating shut-down factories are not legal obstacles. The basic problem is that property acquired by the eminent domain power must be paid for at fair market value. A small industrial community, such as Campbell, Ohio, or Braddock, Pennsylvania, loses tax revenue when a plant closes because of the loss in property taxes. Such a community is less in a position to buy a steel mill than in normal times. What can it do? The obvious answer is to take billions of dollars from the military budget and make them available to such places to buy and operate closed plants.

The Coalition for a New Foreign and Military Policy has estimated that a nuclear freeze would save more than \$200 billion in presently planned military spending over the next ten years.¹⁶ Seymour Melman, author of *The Permanent War Economy*, suggests what could be done with the money. The \$34 billion spent on the U.S. Navy's F-18 fighter program would rebuild 20 percent of the country's bridges (a public-works use) or bring America's entire machine-tool stock up to the Japanese level (a reindustrialization use). The cost overruns alone on the F-18 program (\$26.4 billion) would electrify 55,000 miles of main-line railroads as well as pay for the new locomotives using the track.¹⁷

There is no rational hope for reindustrialization from below (or any other kind of reindustrialization) without a dramatic diversion to this purpose of federal tax money presently spent on military goods.

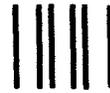
Americans are in the habit of assuming that if the federal government pays for something it will inevitably be managed bureaucratically and inefficiently by Washington pointy-heads. The popular wisdom is wrong. The Legal Services program is an example of a program that successfully combines federal funding and decentralized management.

The Legal Services Corporation, like the Tennessee Valley Authority, was created by Congress and is funded (for the most part) by Congressional appropriations. The similarity ends there. The work of the Legal Services Corporation is carried on by field offices to which more than 95 percent of the Congressional funding is allocated. Each field office is directed by a board that must be made up in roughly equal parts of attorneys chosen by the local bar and elected client representatives. The national Corporation promulgates regulations, and moni-

¹⁵ *City of Oakland v. Oakland Raiders*, 31 Cal. 3d 656 (1982).

¹⁶ Council on Economic Priorities, *The Costs and Consequences of Reagan's Military Buildup: A Report to the International Association of Machinists and the Coalition for a New Foreign and Military Policy* (Washington, D.C., 1982).

¹⁷ *In These Times*, February 2, 1983.



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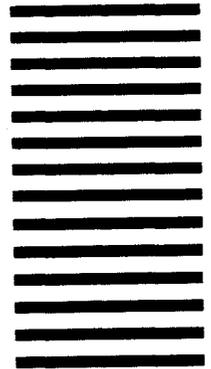
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...to whether Houston or Youngstown should be assisted to produce steel.

National planning appears necessary when a choice seems required between priorities: between building a steel mill in Houston or Youngstown, or between building a steel mill and building a computer-technology training center. The IAM legislation for rebuilding America envisions a deputy director of "National Priorities" to make this kind of decision. There is a high correlation between choosing among national priorities and centralized decision-making. This is not an ideological construct; it is a reality. Yet this very centralization causes the project of democratic reindustrialization to fall apart in one's hands. It is because of this association, deplorably displayed in several overseas settings, that the American left and the American people perpetually fail to communicate.

I am convinced that the only way to cut through the dilemma is radical: if you want to have decentralized economic decision-making, the economy itself must be as decentralized as possible. The inarticulate premise of most discussion about reindustrialization is that a given location should specialize in the economic activity to which it is most suited, produce as much as possible of that particular widget, and then trade its surplus widgets for the goods and services of other locales. Thus California grows lettuce for Massachusetts, shipping a perishable product 3,000 miles; modernization of the steel industry is assumed to mean construction of half a dozen super-mills; and families try to live in cities that have grown far beyond any justifiable economy of scale.

Authors such as E.F. Schumacher and Amory Lovins argue that small, scat-

tered enterprises, as in the generation of electricity, may be *more* efficient than a few large-scale facilities.¹⁸ But even if geographic specialization is sometimes more efficient economically, the kind of economy it creates is structurally inconsistent with economic democracy. If we insist on reindustrialization and democracy, we should reverse the tendency toward ever-greater specialization and help communities to become more economically self-sufficient.

The idea is simple. Public-works programs can be decentralized because every community needs bridges, schools, and public transportation. To the extent that every region produces the food and steel it needs, national planning about where food should be grown or steel should be made becomes unnecessary, and economic development can be decentralized, too.

Increasing local self-sufficiency in the provision of many goods and services is already happening. More and more food is grown in small plots adjacent to homes rather than in California or Florida factories in the fields. Locally grown wood is replacing oil and gas extracted far away and transported long distances as a means of home heating. The steel industry might seem to require huge capital-intensive facilities, concentrated in a handful of localities, serving markets all over the world. Yet the only part of the American steel industry that is growing consists of small "mini-mills" that heat available steel scrap in electric furnaces and make a limited range of products for relatively local markets.¹⁹

Because it is both radical and simple, a proposal for maximum community self-sufficiency is easily caricatured. The fact remains that the more localities are economically self-sufficient the more opportunity there will be for *democratic* reindustrialization. The richest nation on earth should not hesitate to accept whatever inefficiencies may result from moving toward local self-sufficiency for the sake of the more humane and democratic way of life it would make possible.

¹⁸ See Amory B. and L. Hunter Lovins, *Brittle Power: Energy Strategy for National Security* (Andover, Mass.: Brick House, 1982), app. 1, "Scale Issues."

¹⁹ Office of Technology Assessment, *Technology and Steel Industry Competitiveness* (Washington, D.C., 1980), Chapter 8.