
FORCES

Shaping Local Government in the '90s

James Crupi

Changes are taking place in the world today, and these changes are happening quickly. Some of them are critical to managers.

The Modern City-State

First of all, we are becoming a world of city-states. In the future we will talk about Dallas-Fort Worth and St. Louis and Minneapolis and New York and Atlanta and Los Angeles and Singapore and Hong Kong and Berlin and Baghdad and Warsaw, rather than about nations as we did in the past. Two factors explain this shift. The world is moving to a totally interdependent global economy, as well as to a service/information-based economy. It is indeed ironic that the two major forces that led to the rise of city-states in ancient times are the same forces that will bring them back today.

Cities and the counties and other areas around them determine the wealth of nations, not the other way around. By the year 2000, 50 percent of the world's population will live in and around cities; the United States already has 75 percent of its residents in urban areas. The economic base of this country now includes 4 percent of our people working in agriculture, 23 percent in manufacturing, and 73 percent in services. But by the year 2000, these percentages will have changed to 2 percent in agriculture, 5 percent in manufacturing, and 93 percent in services. Since November 1989, 60 percent of all new jobs coming into the economy have been service-based jobs, and they are not positions as hamburger flippers. These individuals have an annual average income of \$20,000.

The changes in process will become political as well as economic. Ten years ago, it would not have been important for mayors to go on foreign trade missions. Today it is not only important that they do so but essential.

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Cities will develop their own foreign policy approaches. Fifty-one U.S. cities took positions against trade with South Africa long before the federal government did so.

Boundaries will become increasingly irrelevant. As they now stand, boundaries often have more to do with sentiment than they do with logic. People in eastern Arkansas and northern Mississippi, for example, care a lot less about what goes on in Jackson and Little Rock than they do about happiness in Memphis, Tennessee, which is their reigning city-state. A kind of de facto sovereignty prevails in the areas around prominent cities.

Federal aid will continue to decline. We have to leave the federal government out of the equation in determining what we will do and what we will not do. Right now, 43 percent of our budget goes to entitlements, 25 percent to defense, and 15 percent to interest on the national debt. Last year's total of \$150 billion in interest payments was enough to run the Departments of Agriculture, Interior, Commerce, Justice, Labor, and Transportation combined. These figures do not even consider the savings and loan crisis.

Local governments will raise money in the international marketplace. Some communities are already floating bonds in yen and

deutschmarks to raise capital to build up their infrastructures. This trend will increase in the years ahead.

This country will see an incredible rise in volunteerism as sweat equity replaces capital to get things done. Local officials will have to become very good at managing volunteer resources, which will be significant. The baby boomer generation will have 76 million people going through midlife crisis at the same time, asking themselves how they can give back to society at that point in their lives. The volunteer talent that will be available to communities will play a large role in determining their accomplishments as the year 2000 approaches.

Competition in the New Order

Communities today recognize that to be competitive, they have to pursue talent. In a postindustrial society, jobs follow people, not the other way around. Organizations are going to where the people are. People are not coming to the organizations. People are the new products. Twenty-five percent of workers in this country now work out of their homes. This represents a dramatic shift in that the individual now becomes an economic unit, an organizational unit. Local managers must mobilize and maximize this talent and make it work for their governments.

To be competitive, communities have to focus on six major areas. The first is *transportation*, particularly road, rail, and air systems, with international linkages when possible.

Comprehensive telecommunication services represent the highways of the future. Management decisions will become infinitely complex in a society where every individual will conceivably have his or her own telephone number. Decisions will no longer simply mandate capital expenditures. Managers will need to decide based on maximum leverage, on getting the most to the most people. A sophisticated society will demand sophisticated approaches.

Local government officials will need to *staff to win*. In the 1990s, citizens are going to demand that government get smaller and more efficient and more professional than it typically has been. Increasingly scarce resources will need to be delivered more effectively and more efficiently than in the past.

International economic diversification will become essential for survival in the 21st century. Whether local companies conduct business internationally or foreign firms have a local presence, communities will need to diversify in economic development. Failure to do so can leave areas dangerously subject to the highs and lows of any one sector or geographic area.

Quality of life is now an economic issue, having to do with health care, with crime, with art and culture, with the environment. Quality of life may well be one of the most important factors confronting local managers in the 1990s.

Finally, the most important aspect for competitive advantage is *education*. In a postindustrial society, schools and training programs and seminars represent the farms of the future. They produce the new crops. We need to change our perception of education, however. We need to believe that education is about more than the pursuit of knowledge. Education is about the pursuit of significance, about making a difference, about adding value, about giving something back, about maximizing talents. Knowledge is just something you get along the way to make everything else happen. By the year 2000, 65 percent of workers will need 13 years of education just to get a job.

The rules of the game have changed dramatically. Education is going to change as well. Teachers will not teach in the future; computers and interactive television will serve this function. Teachers will become Aristotles, motivators, guides on the side, facilitators. The very nature of the teacher's role will change.

Lack of education in a postindustrial society renders one irrelevant as well as unimportant to society. The rules have dramatically changed. Without education, you do not work in this future. While our children represent 25 percent of our population, they represent 100 percent of our future.

Leadership Styles Across Generations

This country is experiencing a dramatic cross-generational leadership transition. The first modern American generation of leaders—people now in their sixties and seventies—built the country, the companies, the communities as they now stand. They are product-oriented, children of the industrial age, and tend to be authoritarian, traditional, and conservative.

The second generation—people typically in their fifties—is perceived by those coming before and after them as a transition generation. These are the individuals who were too young for war and too old for Vietnam, who grew up under McCarthyism, when stepping out of line was dangerous. As the offspring of Depression-traumatized parents, they tend to look at the conservative side of economics. This generation may well be America's finest managerial generation, having taken management and made it a science.

Then comes the third generation—people

typically in their thirties and forties, who are fueling the most rapid rise of entrepreneurialism in this country's history. These individuals are conservative but not traditional. Life is too complex, information too specialized, and society too diverse for dedication to tradition. This generation is people- and information-oriented.

In the 1990s the third generation will bring ethics to a fever pitch in this country. People are going to demand integrity. They are going to demand honesty. They won't tolerate even the perception of impropriety. The dignity and the value of the individual will be uppermost in people's minds. And the power of the individual will be greater than it ever has been. With self-confidence and individual fortitude, amazing accomplishments will be possible.

The fourth generation—people in their twenties—appears in the shadow of the largest, most highly educated, most sophisticated generation this country has ever produced. We know these young people will be more liberal. We suspect they will define success not by what happens in the head, but by what happens in the heart. The first generation endorses hard work, plain and simple.

The third generation says, "If I can out-think you, I can outwork you." The work ethic is now intellectual rather than physical.

The fourth generation's work ethic will be emotional, concerned with spiritual harmony, with the value of human relationships, more interested in fixing things than in changing things. This is a generation that came into being when divorce was rampant, when day care and television defined the day. This is a generation searching for what it believes it was denied. Its members value quality of life and balance in their schedules. They are willing to work hard, but they are not easy to manage, because they want their jobs to be extensions of themselves. They are not as interested in self-control as they are in self-expression. They want full lives; they do not want full employment. They do not want to live to work; they want to work to live. They also believe in limits and not in unparalleled growth.

Change and the Second American Revolution

We're not talking about rapid change. We're talking about radical change. In radical change, the rules of the game change. You're either going to make them or you're going to live by them.

Change always seems to follow the same cycle. As leaders, we need to understand that change, or we will get trapped by it. We need to beware of getting overwhelmed with rapid

change, because change is likely to be the only constant in our future.

The first stage of change is uninformed optimism—blind enthusiasm. This is followed by informed pessimism—hesitancy based on the stark reality of the change. This second stage can be the most dangerous aspect of change in an organization or in a relationship. Eastern Europe can be said to be experiencing informed pessimism. Freedom of speech is available, but many consumer goods are not. The unemployment rate in East Germany has gone up 50 percent in the past six months. Radical change is always startling. Informed optimism is the final stage of change, when realism sets in, followed by hope and commitment. Change has then taken hold.

This country appears to be going through a second American revolution. The signs are many: the rise of entrepreneurialism, the rebirth of religion, the movement of business to the West (i.e., the Far East), the impact of a global world on the United States, the importance of education for values and competitiveness, the rise of the neighborhood movement (a throwback to the old town hall concept), and the new immigrants (Asians and Hispanics, who will redefine this nation in many ways).

Today we all fall under the specter of a globally integrated economy. We cannot escape it. We have gone from having 50 percent of world market share after World War II to now having 15–16 percent. We are in a world where Mitsubishi is bigger than IBM, Bank of America, General Motors, and Western Electric combined. We are in a world where the second largest trading center for the issuance of U.S. Treasury bills is Tokyo, Japan; where 13 of the top 20 banks in the world are Japanese; where you are witnessing round-the-clock 24-hour financial trading. When did we ever care about what happened on the Japanese stock exchange?

We're not talking about a bigger view of the world; we're talking about a fundamentally different view of the world. Most of our corporate and political leaders have had no serious international training. But we cannot afford this massive lack of exposure. Any business that isn't international 10 years from now will not be in business.

So many people spend 30 years with an employer serving the status quo. They never shape a new vision, and then it is too late. The very nature of the world has changed, and it demands a new kind of leadership.

The American political party is dying. People don't want to talk about ideology today. They just want to know what works. I believe we're going to have a social revolution in this country in the 1990s as we had in the 1960s.

But it will be around human rights rather than civil rights. People are going to view health care, a good education, and affordable housing as fundamental human rights. That is a very different kind of orientation from what we have experienced.

Women's participation in the American economy is ever-growing. In the past seven years, 83 percent of eight million new jobs have been filled by women. Between now and the year 2000, 6 out of every 10 people hired will be women. By the year 2000, almost 50 percent of our work force will be female.

The work force in general is changing. By the year 2000, the average age in this country will be 39. In India it will be 19. Right now, 17 percent of persons coming into the U.S. workforce are either immigrants or minority members. By the year 2000, this figure will be 42 percent. Forty-one percent of all immigrants are Hispanic; 43 percent are Asians. We are talking about a different America.

What is happening today is not unlike what happened in 1910 with the European influx. This country is rebirthing itself as an immigrant nation, poised for the future. These new entrepreneurs don't believe it is an American right to own a car or a home. They believe in earning such privileges the old-fashioned way and are willing to risk their lives to cross the Texas border or go thousands of miles in dingy boats for a piece of that dream. The nation is changing, and it is going to be a very different place from the United States of our youth. But this is America, and these dedicated citizens are Americans.

In this changing world, local government managers need to surround themselves with good people. And waiting for them to come asking for a job is not sufficient. Managers must seek, find, and hire the best. Then they must keep the best.

We who serve the public should never, ever be afraid of telling people the cost and the price of being the best. We should be critical only of our own inability to lead them in achieving it.

This world has three kinds of people: those who make it happen, those who watch it happen, and those who do not know what hit them. The time for watching is over. **PM**

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