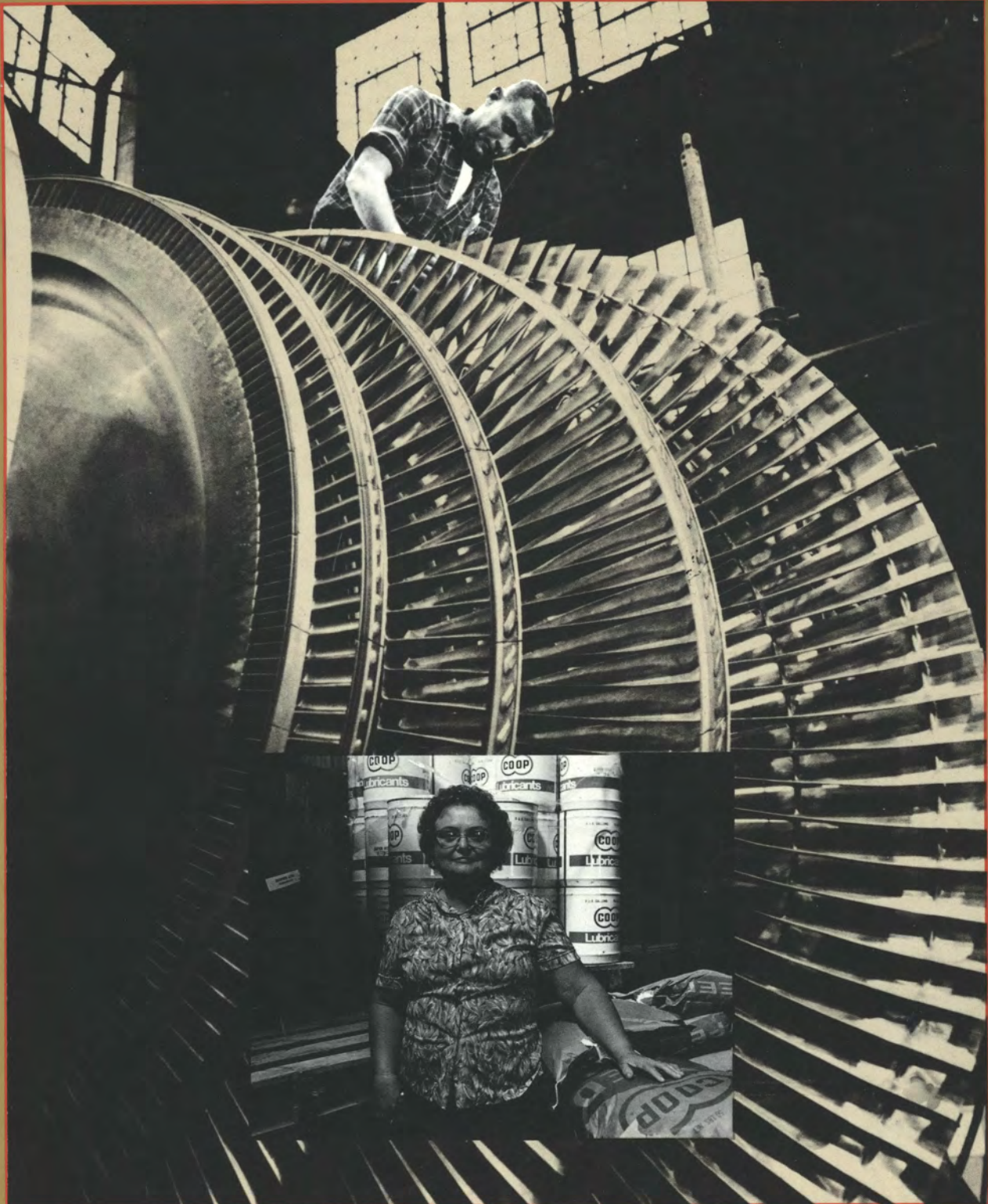


EVERYBODY'S BUSINESS

A People's Guide to Economic Development



Southern Exposure

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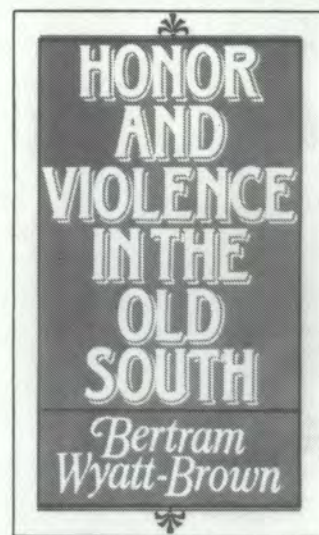
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2 **INTRODUCTION: THE POLITICS OF ECONOMIC DEVELOPMENT**

by John Bookser-Feister and Leah Wise

PERSPECTIVES: A New Bottom Line

4 **DEVELOPMENT WORTHY OF THE NAME**

by Jonathan Sher

7 **WHAT IS ECONOMIC DEVELOPMENT?**

by Steve Fisher

8 **THE GOAL IS DEMOCRACY, NOT GROWTH**

by Howard Stanback

BUSINESS AS USUAL: Problems and Policy Questions

10 **A SOUTH DIVIDED** *by Stuart Rosenfeld*

18 **Y'ALL COME DOWN!** *by James C. Cobb*

24 **SCHOOLS AND TAXES: MAKING INDUSTRY PAY ITS WAY** *by Kristin Lyang Szakos*

28 **THE CLIMATE FOR WORKERS**

by Kenneth Johnson and Marilyn Scurlock

32 **FISHY BUSINESS** *by Michael Alexander*

35 **THE LOW DOWN ON HIGH TECH** *by Marc Miller*

40 **QUESTIONS ABOUT TOURISM**

by Barbara Ellen Smith

42 **DEVELOPMENT TOOLS: CONTRASTING APPROACHES** *by MDC, Inc., Tom Schlesinger, and George Ogle*

45 **GREASING GM'S WHEELS**

by Carter Garber, Verna Fausey, and Paul Elwood

TAKING CARE OF BUSINESS: Models for Change

48 **EXIT OFF POVERTY PARKWAY** *by Glenda Conway*

52 **OWN YOUR OWN JOB: THE CENTER FOR COMMUNITY SELF-HELP** *by Jim Overton*

56 **RELEVANT EDUCATION**

LITERACY AT WORK

by Robert Shreefler and Wendy Luttrell

SHARING LIFE'S GLORIES

by Richard A. Couto, Pat Sharkey, Paul Elwood, and Laura Green

62 **DREAMING AGAIN** *by Carolyn Caver*

65 **HOME-GROWN AGRICULTURE: THE HIGHTOWER REVOLUTION IN TEXAS**

by Susan DeMarco

71 **RECHANNEL THE MAINSTREAM**

by Cynthia L. and William A. Duncan

76 **BLACK BELT ORGANIZING**

by Bob Hall

79 **GETTING YOUR MONEY'S WORTH: THE COMMUNITY REINVESTMENT ACT**

by James Carras

83 **WORKERS' RIGHTS IN THE HEART OF DIXIE**

by Arlene Sanders

86 **KIDS ARE WORK** *by Deborah Warren*

SPECIAL CHURCH SECTION: Casting New Nets

93 **FAITH, TRUST, AND MOVEMENT**

by Louis L. Knowles

95 **WIDENING YOUR CIRCLES**

96 **LEAD US THROUGH THE VALLEY**

by Marie Hurley Blair

101 **ROLL UP YOUR SLEEVES AND LISTEN**

by John Bookser-Feister

104 **LOCAL CONGREGATIONS AND ECONOMIC DEVELOPMENT** *by Kim Zalent*

106 **MISSIONARIES TO THE WORKPLACE:**

an interview with Martin Eakes

TOOLS OF THE TRADE: Resources

108 **HOW TO RESEARCH YOUR LOCAL ECONOMY** *by Tom Schlesinger*

114 **READINGS ON THE ECONOMY**

by Steve Fisher

115 **YOU CAN CHANGE ECONOMIC DEVELOPMENT: A HOW-TO GUIDE**

by Carter Garber

123 **RESOURCE GROUPS: GETTING DOWN TO BUSINESS**

125 **NEW BOOKS ON THE SOUTH**

The Politics of Economic Development

by John Bookser-Feister and Leah Wise



Birmingham's empty steel mills dramatically draw a picture being repeated, on a variety of scales, across the South. The economy which binds our communities together is drastically changing. As Stuart Rosenfeld reveals (page 10), current trends point to deepening divisions between two Souths: the Sunbelt's mostly urban bright spots — few and far between — and a fading countryside. Within the cities, two Souths are also solidifying: one for the information-age elite and another for the predominantly black and female cast-offs who are lucky to find even low-paying jobs.

Jolted by these stark contrasts, many

people who have left economics to the experts are now looking for ways to save their communities. Southerners for Economic Justice and the Institute for Southern Studies undertook this "people's guide" in order to identify how ordinary Southerners can influence economic development. What Greater Birmingham Ministries and Neighborhood Services Inc. have been doing in Birmingham (page 96) demonstrates that local citizens can create effective alternatives to the death sentence being handed down for their communities.

All across the region, Southerners are already engaged in creative approaches to economic revival. In this

book, you will find projects that involve innovative education (page 56), grassroots leadership development (page 62), worker organizing (page 76), political action (page 83), corporate accountability (page 79), and affirmative action (page 48), as well as models for worker-owned businesses (page 52), alternative enterprises (page 86), sectoral intervention (page 71), and community-oriented state policies (page 65).

These stories emphasize the need to expand *local alternatives* and to confront *state development* policies which, as James Cobb and the Southern Labor Institute show, keep

the region depressed by undervaluing its people. The *local* focus highlights the fact that all economic power is built on the productive talent of local people. Ironically, while corporations must trace their success back to specific localities, they will always allow neighborhoods, communities, and even regions to be written off in the name of more profitable opportunities elsewhere.

The profit motive which drives business can not adequately factor in the value of family, community, love of the land, rootedness, culture, or hope. The emphasis on *alternative* approaches means we urgently need a "new bottom line" in discussions

about the economy — one that measures success in terms of people and human values rather than dollars and return on investments. Even locally controlled enterprises can miserably fail the people working in them unless they are infused with genuine democracy; see the examples from Michael Alexander and Martin Eakes (pages 32 and 107).

The success stories are mostly small and tentative, but these models of alternative economic development must be welcomed into the mainstream and supported by *state policy*. State governments set the stage, for better or worse, for economic



development. Typically they manipulate public resources in response to an agenda set by large corporations.

Take the state of Tennessee, for example. It recently granted \$20 million for “employee training” to General Motors, without any control of who or what the training involved (page 45); but the state denied funds for the Mountain Women’s Network to begin a community-based college geared to local development needs (page 60). As Carter Garber explains (page 115), citizen research and action targetting the contradictions in Tennessee’s industrial recruitment policies have become a model for

others around the region. Southern communities and grassroots coalitions must now band together and exert their influence over state-sponsored economic planning and development.

This guide comes at a historic moment. Rather abruptly, we no longer hear talk about the impersonal, distant “engines of progress” that will bring prosperity for all. Instead, we are witnessing an economy that has ceased to offer hope to millions of people in the richest nation on earth. Horrified at the ugly face of capitalism, people who once avoided political debate about our economy are now probing its inner workings and calling its decision makers to account for their actions.

Churches in particular are publicly raising questions about economic behavior that only radicals asked a few years ago. The widespread concern within churches, and their crucial importance in transforming economic policy, has led us to include a section on church-initiated strategies.

A detailed analysis of the South’s economy would reveal its intimate and intricate ties to a global economy. Our focus is much narrower. But any guide to alternative development strategies must acknowledge that the region’s economic decline and especially the widespread layoffs in steel, textiles, furniture, and other basic industries are being blamed on citizens of the third world who allegedly are “stealing our jobs.”

Political, business, and labor leaders have jumped on the protectionist bandwagon. Yet the debate over restricting imports never gets to the central issue of who controls and who benefits from the flight of capital. As a Creole organizer succinctly put it, “Working people around the world are fighting over the crumbs while the international corporations are making off with the entire loaf of bread.”

Rather than reacting to the symptoms of a system that will continue to put profits before people, this book presents a challenge to organize new programs, model enterprises, and political activities that enlarge the areas where we exercise democratic control of the economy. There will be disagreements and plenty of tension along the way. People are under a level of stress that hasn’t been seen in this

country since the Great Depression; but stress can be energizing, especially when it is shared. Perhaps people not on the bottom could use a little more stress. Instead of writing off the testimony of suffering people as “hand wringing,” all of us should use their experiences as the gauge by which we judge the quality of our society.

For substantive change to occur, other challenges must be met. State government, regardless of what it says, will continue to ignore development strategies accountable to local communities — unless they are forced to by local political organizing. And in many areas, the challenge is for even more basic organizing, or what the experts call “capacity building” — bringing together the unorganized to share information, develop leadership skills, make decisions, and begin to wield influence over the economic decisions affecting their lives.

For progressives who seem to show up at each other’s conferences on *The Economy in Crisis*, the challenge is to welcome new members to your ranks. The character of the economic development debate is decidedly white male. If that doesn’t change, if women and people of color are not sought out as partners in economic brainstorming and planning, then good intentions will remain just that.

Unions, under so much pressure in the South, must break out of their paralysis and involve new leaders in bolder strategies. Women — particularly women of color — are the future of the labor movement. They fill the ranks of the unorganized, low-wage industrial and service jobs that form one pillar of the post-New South economy. Given the will, unions are in a position to help working women organize into a political force that would have far-reaching consequences for our struggle for economic justice.

Make no mistake about it: economics and politics are closely linked. Both are nothing more than organized decision-making. What would state policy, what would local and regional economics look like if the masses of people, not corporations, were making the decisions? □

John Bookser-Feister and Leah Wise are staff members of Southerners for Economic Justice, which coordinated this special edition of Southern Exposure with the Institute for Southern Studies.

Back to Basics: Development Worthy of the Name



photo by Fred Baldwin and Wendy Warriss

ROMANTIC CONTRAST: Myths about our pastoral past and fantasy future divert attention from the basics needed for positive economic development — the “three E’s.”

The economic plight of the South is, yet again, being “rediscovered.” Two provocative reports released recently — *After the Factories* and *Shadows in the Sunbelt* — have been instrumental in reminding politicians and the media that many Southerners have *not* been reaping the benefits of the region’s booming economy. Both studies point out that a distressing number of individuals and communities — especially in the rural South — are as bad off today as they were 20 years ago.

In fact, our nonmetropolitan communities may face even harder times than before. The two traditional mainstays of the South’s rural economy — agriculture and manufacturing — are rapidly declining and

neither shows much promise of recapturing its earlier prominence. Farm closings continue to displace rural families, while Southern landholdings become bigger and ever more concentrated. Meanwhile, new factories are not coming to the rural South in sufficient numbers to halt the hemorrhaging of its industrial base.

As the in-migration of branch plants has slowed to a trickle, so has the historic out-migration of the region’s rural people. The South will no longer be able to export its rural poor, its inadequately educated, its surplus labor, or its less favored citizens to Northern cities. If a bus ticket north no longer can be considered a viable development strategy, what makes more sense? How can rural Southerners best build upon the resources at hand and

begin to construct stronger local and regional economies?

In order to answer such questions, it is essential to understand the nature and consequences of previous economic initiatives. The history of rural development in our region — and across America — is simultaneously a stunning success story and a tragic tale. Both versions are true. The difference can be found in how development is conceived and measured.

Since World War II, rural development specialists in universities, government agencies, and the private sector have emphasized five fundamental strategies. Each has had its champions and its foes. Each has had places and periods of time in which it has been more popular than the other alternatives. Today as much as ever,

by Jonathan Sher



photo of Dupont's Savannah River Laboratory

these five strategies define what we, as a society, mean by the term "rural economic development."

The five strategies are:

Infrastructure Development — including construction of roads and highways, access to electricity and telephones, development of water and sewer systems, and the creation of industrial parks in the countryside.

Agribusiness — including an increasing emphasis on large-scale, capital-intensive, chemically dependent farming, corporate ownership and vertical integration of the entire industry.

Industrial Recruitment — including the attempts to attract branch plants of traditional manufacturing firms and defense

contractors, as well as research and development organizations, to rural areas.

Natural Resource Extraction and Processing — including the effort to modernize the mining, oil and natural gas, fishing, and timber/paper industries across the U.S. in order to compete more successfully in world markets and survive international competition for domestic markets.

Tourism and Recreation — including the creation of second home and retirement communities, vacation and resort areas and amusement parks.

The proponents and participants in each of these five development thrusts have ample reasons to boast. There is a multitude of success stories that can be told with great pride. Because of these efforts, the extraordinary physical endowments of rural America have been translated into a continuing source of wealth that is admired and envied throughout much of the world. Rural America (including the rural South) has long been, and remains today, the wellspring of our nation's economic productivity and prosperity.

Nevertheless, each of these five economic development strategies has had a "down side" story only rarely and reluctantly told in public. From pollution of the natural environment to the displacement of huge numbers of family farmers and mill workers, every success has been purchased at a significant price. Indeed, seen in a different light, these strategies begin to resemble the old joke about the operation being a success — even though the patient died.

The major contradiction — and abiding tragedy — of America's rural development is that most of the pain, but far too little of the pleasure, has accrued to non-elite indigenous rural residents. Over and over again, rural people and their communities have been forced to pay the price of "progress" and "economic changes and adjustments." Yet ordinary rural citizens have rarely been the primary beneficiaries of the programs carried out in their name and on their behalf.

A host of corporations have made fortunes year in and year out from rural labor and resources — at the same time that disproportionately high

numbers of rural inhabitants struggle to make it on poverty (or near-poverty) level incomes. Government officials, academics, and private consultants continue to draw steady salaries and advance in their careers, even if the sector of society they "monitor," "study," and "advise" declines dramatically or folds completely. The rural "guinea pigs" at the end of our nation's policy pipeline enjoy no such protection from the consequences of their own (or their "public servants") actions. One Appalachian miner eloquently summed the situation up: "We're sitting on a gold mine and still starving to death."

The most important missing element in traditional development strategies is any serious respect for the integrity and intrinsic worth of rural people and rural communities. This is not entirely surprising, nor is this phenomenon exclusively a rural one. Our society as a whole puts the pursuit of profit and power ahead of the needs of "ordinary" people. However, in the rural context, this lack of respect has led to the rather bizarre situation in which "development" is most often done *to* rural communities rather than done *by* them — as well as one in which the lion's share of the benefits is gained by people other than the indigenous (or even resident) population of the community being "developed."

THE THREE "E"s OF DEVELOPMENT

The contradictions and distortions endemic to our current economic development strategies are neither inevitable nor intractable. If we so choose as a society, we *can* have a style of development that allows us not only to efficiently tap the abiding economic potential of our countryside, but also to do so in a manner that more democratically shares the decision-making powers and more equitably distributes the rewards.

There *is* an antidote to the sense of powerlessness, futility, and dependence engendered by an exploitative corporate sector and a public sector that seems to specialize in providing disabling help. The secret is to focus on the human side of development — and to begin with the convic-



DAILY DILEMMA: Rural communities face being radically transformed by development or being left completely alone.

tion that the only development strategy worthy of the name is the kind that places the well-being of people and the quality of life above narrower calculations of corporate profit and political empire building.

There are three keys to unlocking genuine economic and human development. *These keys are the three "E"s: empowerment, education, and entrepreneurship.*

Empowerment in this context refers to the willingness and ability of people to take charge more fully of the development process. There is no guarantee, of course, that ordinary people will make "better" decisions or wiser judgments than those now made both within and outside government. That is not the point. History teaches that if there is a penalty or a price to be paid for mistakes made in the course of implementing any rural development plan, the local residents will bear this burden; it is no more than simple justice that theirs should be the prevailing voice in the decisions about what plans to implement.

Although empowerment cannot be given or legislated, it can be encouraged and nurtured. *Education* (broadly defined) has the potential to be the mechanism through which rural empowerment in the development process is fostered. Indeed, education could be the decisive factor in turning around both the counterproductive attitudes of our society (including rural people themselves) toward rural development and the distorted priorities we've come to accept as normal.

In order for education to accomplish this task, it must go well beyond its current repertoire of activities and functions. All too often, education has been limited to the provision of "basic skills" and the preparation of ever-better job applicants. Worse, it has served as one of the agencies socializing rural people (young and old) toward passivity, docility, low aspirations, low self-esteem, and fatalism about the future of their communities — the very traits that must be overcome if empowerment is to be achieved.

Fortunately, there are existing and successful models of educational initiatives and institutions in our region that have been promoting rural empowerment. These range from rural school-based enterprises in Georgia and North Carolina to the Foxfire program to the Highlander Center to the network of Southern rural institutions affiliated with the Association for Community-Based Education. None of these has all the answers, but each has pioneered valuable new ways for education to do more than pay lip-service to the most pressing needs of their rural learners. In fact, efforts such as these demonstrate why education should be (and how it can be) one of the top development priorities.

The third and final key to rural development worthy of the name is *entrepreneurship*. Under this umbrella are self-employed individuals, inventors, cottage industries, worker-owned enterprises, cooperatives, community development corporations, family

farmers, and the myriad of small owner-operated businesses scattered throughout the rural South. Although often overlooked or viewed with disdain by big-time economists, planners and development officials, this sector of the rural economy already plays a crucial role in the sustenance and vitality of nonmetropolitan life — and could play an even greater role in the future.

One of the unexpected blessings of rural life today is that the same communities that offer relatively few good job opportunities usually have a variety of good untapped *economic* opportunities. Obviously, this fact bodes well for the continued survival and economic health of our countryside — if we are able to identify these opportunities and bring them to fruition.

Two challenges, however, must be surmounted. The first is that rural people in general — and rural youth, women, and minorities in particular — are very rarely given the encouragement, training, and technical assistance they require to become successful entrepreneurs of any type. The second challenge is that the prime economic opportunities in an area are often snapped up by outside investors and absentee owners. Again, training and assistance in analyzing the economic potential of one's own community is indispensable — and so is effective access to capital.

"Growth from within" must be coupled with appropriate financial and technical assistance from outside the rural communities concerned. Any sensible state or national campaign for genuine rural development must make indigenous entrepreneurship, along with empowerment and education, the new top priorities for the remainder of this century. With that emphasis, rural Southerners can at long last create and implement their own visions of economic development worthy of the name. □

*Dr. Jonathan P. Sher is president of Rural Education and Development, Inc. in Chapel Hill, North Carolina. He works with rural communities to establish school-based enterprises. This article is adapted from a piece appearing in **New Dimensions in Rural Policy: Building Upon Our Heritage** (Washington, D.C.: Joint Economic Committee of Congress, 1986).*

WHAT IS ECONOMIC DEVELOPMENT?

BY STEVE FISHER

Development in the South can best be defined as the process by which the region's residents make the economy better serve their fundamental needs. These include:

- the right to meaningful work that is not life-threatening in either the short or long term. This right implies both a safe workplace and a safe environment.
- the right to economic security, both in terms of job security and equitable remuneration for work done. This remuneration should be sufficient to insure decent housing, health care, etc.
- the right to participate as fully as possible in any decision-making affecting their livelihoods, i.e., democratic control of the workplace.
- the right to preservation of cultural integrity. Economic development should not destroy the cultural integrity of the people for whom development is taking place.

This definition has several important implications. First, it emphasizes that development is a process rather than a plateau of achievement measured simply in dollars and cents. Each project should be measured in part by how well it contributes to the overall development process, by how well it

satisfies these basic rights.

Second, this definition breaks down the dichotomy between economic development organizations and advocacy or issue-oriented groups with a basically political approach to problems. In reality, most citizen groups in the South are engaged in activities somehow related to economic development, whether they are battling strip mining in East Tennessee or providing construction jobs for low-income women in Mississippi.

Traditionally, groups involved in grassroots economic development have been categorized as either (1) improving the financial well-being of low-income people through fostering economic independence and self-reliance (such as through credit unions, cooperatives or worker-owned businesses); or (2) directly challenging existing corporate or government policies. Groups in this latter category have fought utility rate hikes, occupational diseases, racial and sexual discrimination in the workplace, land ownership concentration, environmental abuse, tax inequities and inadequate housing for low-income people. They have often been dubbed "political" rather "economic," but such a distinction misses the larger

meaning of economic development and exacerbates the weaknesses of current organizing.

If, on the one hand, cooperatives and other alternative enterprises restrict themselves to economic aims, they may end up being co-opted and buying into the larger political economy and ultimately their own oppression. If, on the other hand, advocacy organizations limit themselves to political opposition, they may end up always on the defensive, unable to offer creative alternatives that effectively respond to people's immediate needs.

Economic development strategies in the future must find ways to eliminate the tensions between groups doing advocacy work and those engaged in trying to create locally owned and controlled businesses. Only comprehensive strategies that integrate both political and economic approaches can adequately address people's needs. □

Steve Fisher teaches political science at Emory and Henry College. These thoughts are a synthesis of ideas presented at a May, 1982 workshop funded by the Mott Foundation at the Highlander Center. It draws heavily on background papers prepared for the meeting by Sally Maggard and Bill Horton.

photo by Earl Dotter



photo by Tom Gardner



photo by Marc Miller



UNIFIED STRUGGLE: Cooperative home builders, advocates for improved medical benefits, and workers in a worker-owned factory are all part of the same fight for economic justice.

BY
HOWARD
STANBACK

The Goal Is Democracy, Not Growth

economic growth. While changes in the economy influence racial and sexual inequity, they are not *the* cause of discrimination, nor are they the solution.

We must acknowledge that we live in a racist and sexist society, in a society that chooses to allocate its resources in large measure on the basis of color, culture, and gender. A new electronics factory will likely fill the assembly-line jobs with women and the high-paying technical jobs with men, generally whites. The same type of job segregation would normally occur in a new bank, textile plant, fast-food restaurant, or construction site.

Given these conditions, no strategy for economy development or economic democracy can succeed that merely adopts growth in jobs as its objective. It must first insist upon a comprehensive, enforced system of affirmative action in employment, promotions, and pay for all employees.

JOB QUALITY. Positive economic planning must focus on the quality of work. Quality work provides safety from hazards and disease, is socially as well as economically productive, offers opportunities for personal growth and development, provides an adequate family income, and affords the worker the dignity of exercising some significant measure of control over his or her work.

Most jobs being created today don't come close to meeting these criteria. We're constantly being told, "I'll take what I can get" or "Things are so bad, any old job will do." But as long as we accept the notion that "any old job will do," then that's all that will be



photo by Scott Van Osdol

Looking at the economy from the perspective of people who are consistently left out produces different guidelines for development than those followed by policymakers seeking growth. Even progressives committed to the right of all people to a decent, safe job may lose sight of key ingredients in a successful strategy that fits the needs and conditions of the contemporary South.

AFFIRMATIVE ACTION. The goal of growth and full employment benefits all people, but in practice history shows that even in the best of times people of color and women remain disproportionately unemployed and underemployed. Issues of affirmative action and equality, therefore, cannot take a back seat to issues of

available.

In fact, without increasing the focus on better jobs, the quality of work will decline. The economy acts to reinforce the power of capital to define work in its interests. Recessions and unemployment function as a disciplinary process to create fear and desperation, to diminish expectations and worker demands, and to make the false security of reactionary ideologies attractive. We must continue to insist on a higher standard of quality jobs.

DEMOCRATIC CONTROL.

Economic development strategies must include the principle of democratic control as an essential factor in the creation and management of jobs. We have been told that rational economic decision-making can only be done by a select few: those who own capital and who, through some *magic* (because they own it), automatically know what to do with it. The kicker is that supposedly their decisions ultimately serve all our best interests, even though we don't have anything to say about them.

But there are no benevolent dictators. To the extent that we have successfully reduced discrimination, pollution, unsafe work, and other harmful conditions, it is because we have mobilized through the democratic process of organizations, unions, community groups, and some political institutions to bring about laws and other forces which express our desires for a just and decent society.

We have learned that critical decisions about the economy cannot be left to rational profiteers. Significant controls — democratically created controls — must be placed on economic decisions so that those who are alleged to benefit from these decisions do in fact benefit. It is imperative that community groups, churches, unions, and other public-minded organizations educate themselves and their members about the economy and how to best shape economic policy.

POLITICAL STRATEGY.

Economic planning and development requires a political strategy. Most industrial planning focuses on the operations of large corporations. As major employers and controllers of capital, private companies are rightly the

target of many indigenous struggles for community and workplace justice. But such corporations will not provide jobs to most of the structurally unemployed.

The needs of women, people of color, and the unemployed must be met by large-scale public works programs and an expanding number of nonprofit community enterprises (cooperatives, publicly owned firms, worker-owned businesses, etc.) Public jobs and capital for such enterprises both depend on controlling the resources of city, county, and state governments.

The struggle for political power at

the local level is therefore directly related to the goal of economic democracy. Ultimately, little significant change in the character of U.S. economic policy will occur without attaining political power — power to develop the massive resources that exist and that are essential for the kind of community-based development which serves the economic needs of all people. □

Howard Stanback, a native of North Carolina and prominent political economist, is deputy director for the Mayor's Office of Employment and Training in Chicago.

MY TURN

Closer To Home



I was presently employed at J.P. Stevens industrial plant, where I worked for 19 years, five months, and four days. At the end of that time, the reason I'm not there today is because the plant closed. It was due to the economy.

You know, that's quite a shock and blow and you can only imagine the stress and strain on a family man. I worked third shift for a little over nine and a half years, and since all of the sudden I wasn't doing anything, then I couldn't sleep at night. I got sleepy during the day, short-tempered. I mean the stress — it made things kinda rough around the house for my wife. I guess the kids, too. Right now, today, we're locked up in a divorce struggle, believe it or not. But I still think and feel that what's happening to me today is related back to almost two years ago from the plant closing. Because my number one priority, I am a provider. And I take pride in being a provider. And how can I provide when there is no work to be done?

— James Lindsay, South Carolina

A DIVIDED SOUTH

BY
STUART
ROSENFELD



photo by Billy Barnes

Any honest look at the data describing the South's economic condition reveals the dilemma in which the region finds itself. On the one hand, many of the South's cities are prospering, attracting new capital, new residents, and new jobs. On the other hand, many of its rural communities, which took in low-wage manufacturing plants with the understanding that they would eventually be replaced by new industries with better jobs for local citizens, are faltering. The new, high-paying jobs have not arrived, and the branch plants that once flocked to the South for lower labor costs are now moving out for still cheaper labor overseas.

As William Winter, former governor of Mississippi, told an audience of Southern officials and citizens at a

Southern Growth Policies Board conference in Birmingham in January 1986, "There remains that other South, largely rural, undereducated, underproductive, and underpaid that threatens to become a permanent shadow of distress and deprivation in a region that less than a decade ago had promised it better days."

The present condition of the South's economy was not anticipated when the 1970s were fading into history. Working with the 1980 Commission on the Future of the South, economist Bernard Weinstein wrote, "In the seventies the South was the fastest growing region and the rural South was leading the way. Indeed the nation's fastest growing counties are now in nonmetropolitan areas; and this is true in the South as well... industrial

growth is filtering down to small towns and sparsely populated counties." Just five years later, however, Weinstein wrote without apology in a *Wall Street Journal* editorial that "the Sun Belt has collapsed into only a few 'sunspots.'"

Just what *is* happening to the South's economy? Has the blossom left the rose or is the South simply consolidating its gains and regrouping in response to more intense international competition? How is the South's economy realigning itself? Who is getting what kinds of jobs in the emerging economy? What can we do to prepare for the future, to improve opportunities for those adversely affected, and to provide opportunities for those who have not yet made it into the mainstream?

BRANCH PLANT DAZE

Over the last couple of decades, economists have heralded the convergence between the South's economy and that of the rest of the nation. The exchanges of people and jobs among regions gradually have homogenized both the industrial and occupational mixes in the South so that they are now quite similar to the U.S. averages. But there are a couple of notable exceptions. One is a stronger concentration in the South of jobs in nondurable manufacturing industries. The other is a heavy dependency of Southern rural communities on manufacturing.

Both are residual effects of the unique way in which the South transformed itself from an agricultural to an industrial economy. The South essentially gave up on farming long ago as an economic strategy to sustain its large rural economy, and accepted the fact that the decline of farm employment, in the long run, was as inevitable as technological progress. Between 1977 and 1982 the number of acres farmed in the South decreased by 30 percent. Further, land loss by black farmers was two-and-one-half times more rapid than loss by white farmers.

Instead, the South based its development strategies on the acquisition, by whatever means necessary, of existing or expanding businesses. The industries most likely to land in the South were those that produced nondurable goods, such as textiles, apparel, and processed foods. Jobs in these highly labor-intensive industries required less education and less skill than jobs in most other industries, and the South had a surplus of relatively low-skilled people ready and willing to leave the farms and go into the factories. The popular development tactic in the South during the transition from agriculture to manufacturing was industrial recruitment, and states and towns creatively and aggressively packaged incentives to attract employers seeking new plant sites. The rural South, with its low-wage, nonunion labor force and willingness to "give till it hurts," became an active and frequently successful competitor in the "jobs war."

As a result of three decades of "winning," the rural South is more depen-

dent on manufacturing for its jobs and income than any other region of the country. About 27 percent of all jobs in the rural South are in manufacturing, compared to only 18 percent of all jobs in Southern cities. But with too many of the plants lacking unions or enlightened management, wages remained low and working conditions poor. Thus, a large share of the rural industrial workforce has traditionally consisted not of heads of households but of members of farm families trying to keep marginal farms active, as well



photo by Bill Hedrich, Hedrich-Blessing

as wives trying to supplement their husbands' meager incomes and raise their standard of living.

More and more of the income of farm families comes from off-farm employment. In 1963, 60 percent of all farm family income came from farming; in 1983 only 29 percent of farm family income came from farming. And in the South, farmers work, on average, more days off the farm than in any other region. Poor farmers, however, are less likely to hold off-farm employment according to a recent study of farming in North Carolina. Further, in Southern rural areas it is more often women who get the factory jobs. More than 26 percent

of rural employed females work in manufacturing, compared to about 14 percent of working women in cities.

UNREALIZED DREAMS

The economic development strategies that brought the so-called rural renaissance, however, have been achieved at a cost. Many of the same conditions and attributes that attracted branch plants also kept wages low. Despite the number of new jobs created, per capita income in the rural South was only 74 percent of that of the urban South in 1980, and the per capita income of rural blacks was less than a third of the urban South's per capita income (which was about at the national average). In mid-1985, average hourly production wages in the South were \$8.07, 16 percent below the average for the non-South, \$9.57.

Working women, according to the 1980 census, earned less than working men and blacks earned less than whites. For every dollar earned by an average full-time worker *outside* of the South, *inside* the South the white male earned 92 cents, the black male earned 53 cents, the white female earned 53 cents, and the black female earned 47 cents. In addition to the low wages, because of low taxes and an aversion to social programs, the rural South spends less on public schools, has fewer dentists and physicians per capita, and has high functional illiteracy, high infant mortality, and shorter life spans than other regions.

Median Wages for Full-Time Workers, 1979

Non-South

All Males	\$17,860
All Females	10,599

South

White Males	\$ 16,392
White Female	9,549
Black Male	11,182
Black Female	8,336

Source: 1980 Census

In the 1980s, the profusion of jobs generated by the influx of branch plants ended abruptly when the reces-

sion, underscored by a strong dollar and increased foreign competition for jobs and markets, struck manufacturing. It hit nondurable manufacturing, the heart of the South's rural economy, particularly hard. As competition heated up, Southern communities simply could not compete on the basis of what was formerly their biggest advantage — low labor costs, which are still well above costs in many other countries. At the end of 1985, the unemployment rate for the region stood at 8.5 percent, 2.6 points above the average for the non-South.

At the same time, the agricultural

recession are finding that the causes are much more basic and possibly permanent. Even though the South in total gained 3.8 million jobs between 1977 and 1983, many of the places that lost large numbers of jobs have not recovered. At the end of 1984, employment in textiles was only 83 percent of what it had been in mid-1977; between 1980 and 1985, 250 textile plants closed and 248,000 jobs were eliminated. No one seriously believes that the textile industry will regain its previous levels of employment.

Even the so-called high-tech industries (a definition based on size of

not necessarily higher than those in traditional industries.

- From January 1979 until January 1984, 1.5 million Southerners were displaced from their jobs — more than half in manufacturing.

- In January 1984, one-third of all those displaced had been out of work for at least half a year. Because wages in nondurable manufacturing were so low, three out of five workers in those industries fortunate enough to find new jobs now make more than they did before — but still not enough. In 1986, the average wage for retail jobs, one of the largest sources of new jobs, is well below the poverty line for a family of four.

- In December 1985, four Southern states still had double-digit unemployment rates. Only three Southern states — North Carolina, Texas, and Virginia — had rates below the national average.

- Average unemployment rates for 1984 for the nonmetropolitan counties was in the double digits in six Southern states.

- The increase in per capita income in the South during 1984 was less than the U.S. average increase of 5.3 percent for every state except Virginia. The per capita income for the Southeast was 13 percent below the U.S. average and the lowest of the eight U.S. Commerce Department census regions.



photo by Andrew Yale

economy also is being reshaped. Falling land prices, tight money, diminishing foreign markets, and loss of off-farm employment are taking a heavy toll of the small and medium-size farm. Between 1981 and 1985, farm land values in the South fell dramatically. During the ten-month period from February 1985 to April 1986, the average value per acre dropped 20 percent in Louisiana, 17 percent in Arkansas and in Texas, and 10 percent in Mississippi. The number of farms in the South declined by 12 percent between 1975 and 1985.

Those who believed — or hoped — that high unemployment rates were temporary phenomena of a strong dollar, an unbalanced budget, and a

investment in research and development and number of technical employees) proved to be unstable once their products matured to a mass-production stage with the potential for large employment. Electrical and electronic equipment industries, which include many high-technology components and products, lost 68,000 jobs in the U.S. last year. Plant closings and major layoffs in the past year include General Electric in Kentucky and Virginia; Burroughs, Motorola, and IBM in Florida; and ITT in North Carolina. Further, employment in high-tech industries constitutes only about six percent of the nation's work force (every Southern state is below that national average) and wages are

Jobs Gained and Lost in Southern States May 1984 to May 1985

State	Manufacturing	Total
Alabama	-11,300	+15,000
Arkansas	-4,500	+11,500
Florida	+15,000	+223,500
Georgia	-3,600	+156,700
Kentucky	-3,400	+27,000
Louisiana	-2,200	-14,700
Mississippi	-300	+21,700
North Carolina	-23,500	+58,000
South Carolina	-9,700	+65,200
Tennessee	-12,200	+44,100
Texas	-1,300	+141,800
Virginia	-1,800	+89,600
West Virginia	-2,800	-3,000

Source: U.S. Bureau of Labor Statistics, *Employment and Earnings*, 32 (July 1985).

MICROCHIP MANIA

Official hopes for stemming the decline in manufacturing and securing a sound production base for the South's economy are pinned on innovation and technology. Even where successful, however, technology is unlikely to reverse the pattern of increasing concentration of jobs in service industries and therefore in cities. In an automated Burlington Industries plant in Cordova, North Carolina, which once bustled with workers, one person now can handle as many as 25 machines. Taking technology one step farther, flexible manufacturing systems, which move material from one station to another, eliminate even material handlers and setup people.

Richard Cyert, president of Carnegie-Mellon University, claims that the only way the country can save its manufacturing sector is by using new technologies to reduce employment in manufacturing to 10 percent of the nation's work force, compared to 21 percent today and 27 percent in 1970.

As the shape of the South's economy changes, the conditions that encourage economic growth change too. An adequate supply of low-skilled and compliant workers is not such an important attraction to the emerging growth businesses; they are more dependent on technical expertise and innovation than on manual dexterity. And today low taxes, inexpensive land, and industrial services are not as important as proximity to airports, technical assistance, and telecommunications networks to businesses more concerned with the flow of information than the flow of goods.

Past neglect of human resource development and human services in the South in general, and in rural areas in particular, is taking its toll on the economy. Only half of all rural adults in the South have completed four years of high school, and today every state in the South has a higher dropout rate than the national average. Fast growth businesses, many of which utilize or produce information or technological products, prefer to operate in or near sizable cities that have a work force with higher levels of education, transportation, and communications linkages, and a choice of public and

private services. Most rural communities lack all these prerequisites.

Employment data for the South illustrate the realignment of new jobs from manufacturing to service industries and from rural locations to urban centers. Despite the reductions in manufacturing jobs between 1977 and 1983, total employment in the South grew by 22 percent in metropolitan counties and by 11 percent in rural counties. Growth in the South was due largely to increases in employment in services. Consumer services, for example, which include service stations,

eating and drinking establishments, and retail stores, accounted for nearly two-fifths of employment growth.

Southern counties that grew the fastest between 1977 and 1982 were those with the largest portion of their jobs in services (60 percent). The counties that grew the slowest had the smallest proportion of their jobs in services (38 percent). While growth in service employment is putting more Southerners to work, it is not doing a great deal to raise median income. In retail services, for example, in 1980 the median income in the South was

MY TURN

Closer To Home



In West Virginia, miners who 10 years ago were what I would call strong union people are now working at non-union mines, glad to get the work. An awful lot of families who went to other places to find work are coming back again, and we're seeing a lot of families with two and three families living in one household, Mom and Dad's place. I think what we're seeing is a bottom-heavy hourglass in terms of the economy.

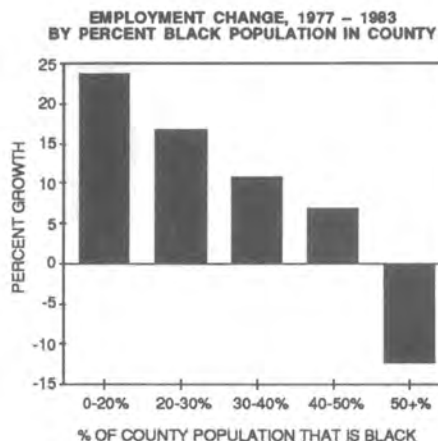
We're also seeing hungry children come to school again. Some people who have been in the system long enough say that they have not seen that since the coal industry depression of late '50s, and now they are seeing it again.

— *Linda Martin, West Virginia*



\$13,500 for a white male, \$7,300 for a white female, \$10,200 for a black male, and \$6,900 for a black female. In food preparation occupations, the median income was \$9,000 for a white male, \$6,200 for a white female, \$7,900 for a black male, and \$6,300 for a black female.

In the rural South, which has become so dependent on manufacturing for its livelihood, a future economy based on technology and on service businesses could portend



economic disaster. Although jobs in nonmetropolitan counties did grow by 11 percent between 1977 and 1983, that growth was largely in rural counties along interstate highways *and* adjacent to growing cities, and in rural counties that attract tourists, retirees, or students. For example, Southern rural counties with high rates of immigration of elders grew two and a half times as much as the overall growth of rural counties.

Retirement counties with the highest rate of job growth, however, were concentrated in the eastern seaboard states from Virginia to Florida, and in Arkansas and Texas. The fastest-growing counties that are remote from cities and interstate systems (over 40 percent growth), for example, include coastal resort counties — Bay and Citrus in Florida, Carteret and Dare in North Carolina, and Horry in South Carolina (Myrtle Beach) — and mountain resort counties, such as Avery and Macon in North Carolina, McCreary in Kentucky, and Bath in Virginia.

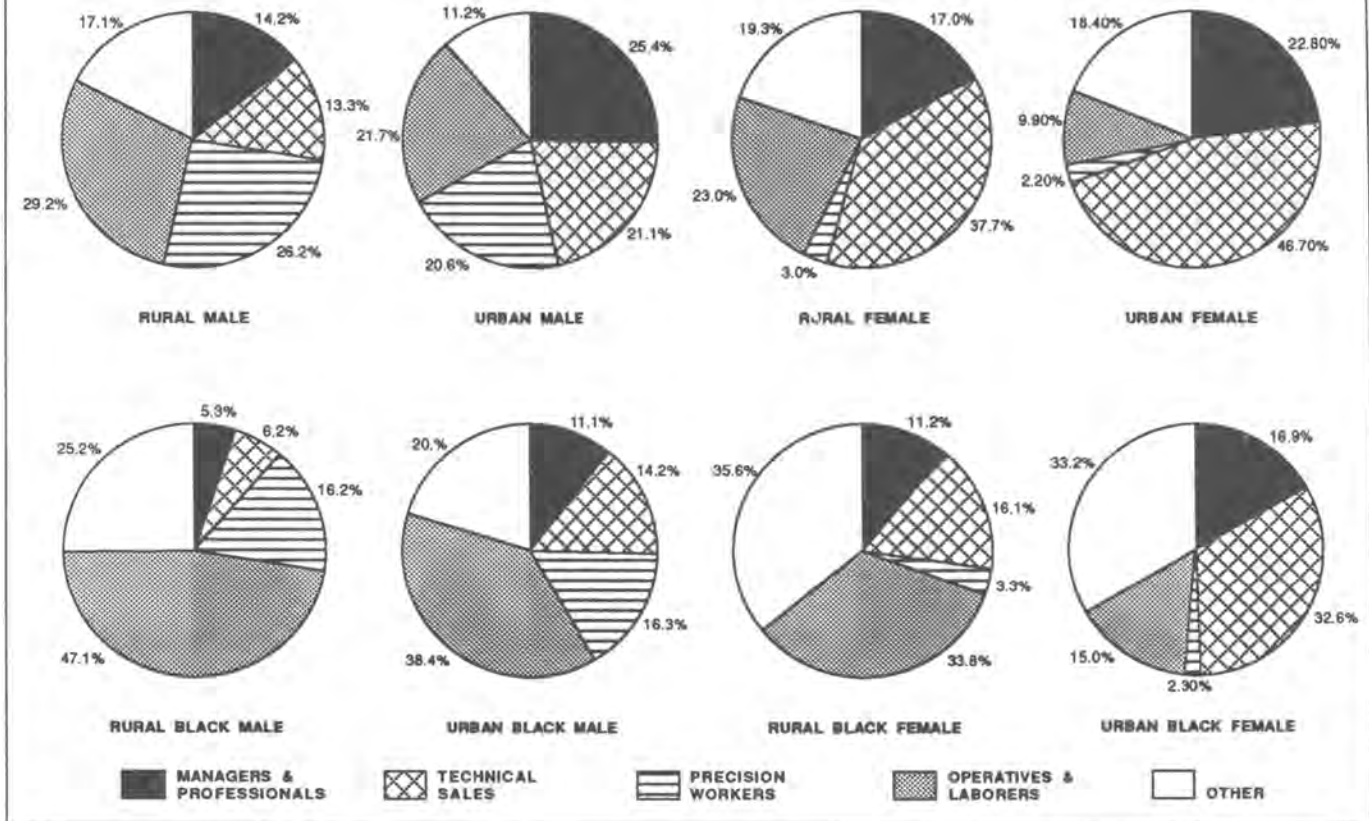
Rural counties without beaches, spectacular vistas, or strong univer-

sities have little to offer high-growth industries and have a hard time competing with the likes of Research Triangle Park, Austin, Atlanta, or Nashville and their surrounding counties. One out of every three rural counties that is not next to a city and is not bisected by an interstate highway had fewer people working in 1983 than in 1977.

STILL ON THE OUTSIDE LOOKING IN

For all the problems facing rural counties, the most dire economic patterns are in counties with high proportions of blacks. Changes in employment between 1977 and 1983 in the South in fact are inversely proportional to the percentages of black residents. Those counties with fewer than 20 percent black population grew by 24 percent; those with 40-50 percent black population grew only seven percent; counties that are more than half black actually lost an average of 12 percent in employment. And many were already economically depressed.

PERCENT EMPLOYED IN SELECTED OCCUPATIONS



Skeptics of racial composition of a county as a constraint on growth could point to the fact that counties with high percentages of blacks also have lower levels of average income and educational attainment, and could argue that those factors are the real culprits, not race. But even among just very poor counties in the South — those with no more than half the national per capita income — counties with a population less than one-third black had twice the rate of job growth of counties that are more than one-third black. And among only those Southern counties where no more than 40 percent of the adults had finished high school — far below the national average — those counties less than one-third black grew more than 50 percent faster than those more than one-third black — which indicates racism is a possible explanation and suggests growing economic disparities between races.

WORK AND WORK ENVIRONMENTS

As businesses that comprise the South's economy change, the work that people do inevitably changes. New technologies and new management styles (influenced strongly by growing foreign ownership) affect what a person does on the job and what a person needs to know and be able to do to advance economically. Qualifications for the emerging occupations are principally work experience and academic records. Rural workers have been much less likely than urban workers to be employed as managers, professionals, technicians, sales people, or clerical workers, and even smaller percentages of rural blacks held those jobs. Southern rural workers have the lowest levels of educational attainment and achievement and the highest levels of functional illiteracy. This means that rural workers, and particularly black rural workers, are less likely to have the credentials to compete for the jobs that represent the greatest oppor-

tunities, which may turn out to be the biggest obstacle to rural growth in the South.

As technology is diffused into the workplace, it also is going to affect both how work is conducted and how it is managed. The question that no one seems able to answer yet is whether technology will increase the skills and knowledge required of workers and raise their wages, or will it decrease the skills needed and further degrade work. This question has not been answered because "it depends." It depends on whether workers, unions, and employers are willing to seize the opportunity afforded by technology to restructure work more democratically.

If employers utilize the experience and competencies of more highly educated workers by giving them more discretion and authority on the job, work can be upgraded and made more interesting. General Electric is preparing to open a new automated jet engine component plant in Wilmington, North Carolina using "supervisorless" production teams. "The traditional worker/first-line supervisor



structure,” according to the company’s plans, “will be abandoned.” As a result, “workers will be expected to exercise more independent judgment and creativity in addressing production problems.”

If, on the other hand, technology is used to further divide labor tasks and more carefully monitor work, it will make work more tedious and exacerbate a dual economy. In a recent report from the Office of Technology Assessment for the Congress, a machinist commenting on the use of computer-controlled equipment said, “You get to be, in my opinion, a little weak-minded. . . . You can take a Chimpanzee, the light goes on, push a button. . . .”

One factor that might accelerate more progressive management is the changing pattern of business ownership. An increasing number of firms are being acquired and started by foreign corporations and an increasing number are being bought out by employees. A large number of employee-owned businesses and foreign companies are trying unconventional and more democratic organizational models that alter the relationship between workers and

management. Foreign companies are taking over all sorts of manufacturing businesses, most aggressively in the chemical and allied products industries and in the electrical and electronic equipment industries. Ironically, even as many American firms are fleeing to other countries to take advantage of lower labor costs, foreign businesses are expanding their U.S. manufacturing bases.

READJUSTING THE SUN BELT

All in all, there still is a Sun Belt, but it alone is failing to hold up the britches of the entire region. Overall growth patterns in the South hide residual — and in some places new — underdevelopment and poverty. The media attention to the growth centers has made policymakers somewhat complacent about the region’s future. Only recently, as the Northeast recovered from the recession much more quickly and completely than the South, have they taken notice.

The structure of the region’s employment is being reshaped once again, this time from manufacturing to services and information. The solutions most often prescribed for declin-

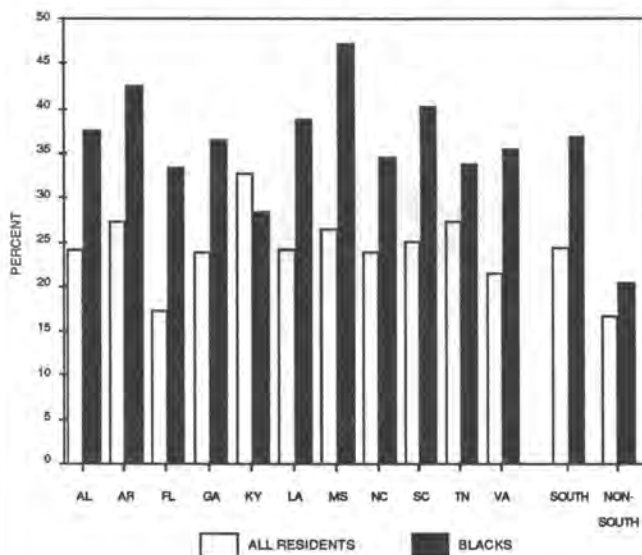
ing local economies are diversification and entrepreneurship. But knowing what has to be done and doing it are two different things. It takes time and requires more resources — both human and capital — than many Southern communities have at their disposal.

Twenty years ago there were federal agencies, such as the Economic Development Administration, the

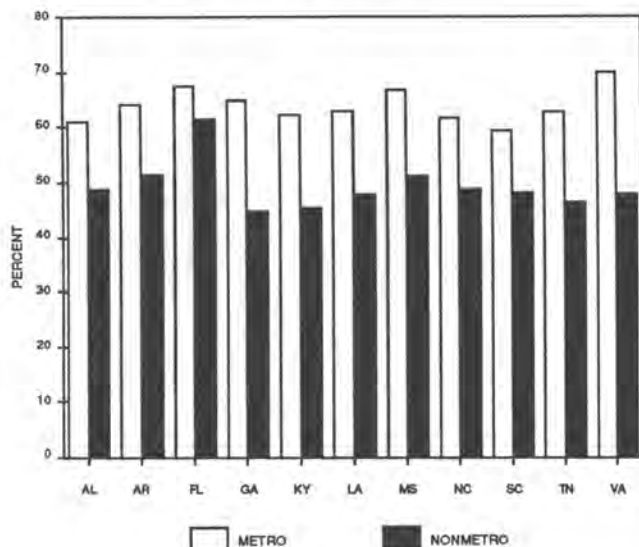
State	New Startup	Acquisition	Total
Alabama	6	1	7
Arkansas	2	0	2
Florida	3	2	5
Georgia	9	3	12
Kentucky	1	4	5
Louisiana	2	1	3
Mississippi	2	0	2
North Carolina	16	1	17
South Carolina	1	1	2
Tennessee	7	2	9
Texas	9	4	13
Virginia	3	3	6
West Virginia	0	0	0

Source: The Conference Board, 1985

PERCENTAGE OF ADULTS WITH NO MORE THAN AN 8TH GRADE EDUCATION, 1980



PERCENT OF POPULATION 25 AND OVER WHO ARE HIGH SCHOOL GRADUATES, 1980 METRO AND NONMETRO



Small Business Administration, and the Appalachian Regional Development Commission to help provide the support needed for industrialization. This time around the federal government is fading out of the picture, competing pressures for state revenues are building, and plant closings and falling farmland values are decimating local tax bases. More important, it is not

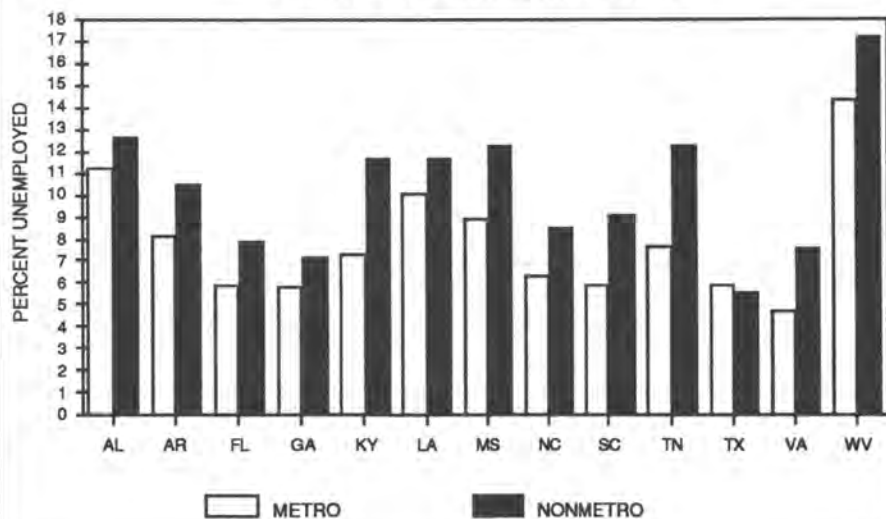
clear that enough officials and policymakers fully understand the differences between 1968 and 1986. Too many development officials are still living in the past, protecting company towns by rejecting new jobs that threaten to raise local wages. As recently as 1984, local officials in South Carolina resisted a new Mazda plant because its wages were too high!

And there are still towns looking for industrial revenue bonds to build industrial parks because they believe that is what will bring jobs and income.

There will continue to be growth in the sunspots of the South, and a small number of big "winners" in rural areas — but mostly in choice locations, easily accessible to airports, good schools, and quality restaurants and shops. The rest of the region will have to rely on its own resources, people, and wits to carve out a niche in the new economy. The long-term solution for many parts of the South obviously lies with education. That education, however, ought not be limited to the schooling of the children and young adults of the region, but ought to be offered to older adults who attended (or dropped out of) the many inferior schools in the South and to all adults who want new skills in order to be more effective participants in the economy and in planning the economy. □

Stuart Rosenfeld is director of research and programs of the Southern Growth Policies Board and principal author of After the Factories: Changing Employment Patterns in the Rural South.

UNEMPLOYMENT RATES IN 1984 METRO AND NONMETRO SOUTH



Y'ALL COME ON DOWN

THE SOUTHERN STATES PURSUIT OF INDUSTRY

By James C. Cobb

□ A century ago, when Henry Grady delivered his "New South" speech to a group of wealthy New England industrialists, he painted an emotional portrait of a South ready to prostrate itself at the feet of Northern capital. Hoping to neutralize the labor, capital, and market advantages enjoyed by the industrial North, Grady and others opted for a strategy common to developing regions: encouraging external investors to exploit cheap labor and abundant raw materials and even subsidizing their efforts to do so with tax exemptions and free land. In order to keep taxes low, expenditures for education and public services were held to a minimum, while government did its best to be helpful rather than

troublesome. In 1894 a cooperative Alabama legislature repealed the state's child labor law in order to assure a New England manufacturer of a warm welcome in the Cradle of the Confederacy.

New South leaders believed that by temporarily forgoing some of the potential wage and tax benefits of industrialization and accepting a considerable amount of human and environmental exploitation, they could prepare the South's economy for the industrial takeoff that had brought rapid and self-sustaining growth to the Northern states. Until such time as the critical mass for takeoff was achieved, however, the South had to content itself with laggard industries that

could no longer operate profitably in the competitive, dynamic North. Growth came, but it came slowly and the turn-of-the-century South was hardly the new industrial kingdom Grady and others had promised. In 1910, for example, the manufacturing payroll for an industry-mad Georgia was roughly equivalent to that for the city of Cincinnati.

On the eve of World War I, the South remained a decidedly agricultural region, but it stood on the brink of an economic transformation triggered by the boll-weevil invasion that decimated a large portion of the cotton belt in the first quarter of the new century. Both the boll weevil and the ensuing Great Depression drove

thousands of Southerners from the land. This exodus was accelerated by New Deal acreage reduction programs as the Deep South lost 30 percent of its sharecroppers between 1933 and 1940. For the most part, those who left the farm never returned, drifting first into Southern towns and cities which often served only as way stations on a northward or westward odyssey.

Faced with this series of shocks to the regional farm economy on which they depended, urban and small town merchants and professionals embraced industrial promotion with an enthusiasm bordering on hysteria. No prospect, no matter how lukewarm, went uncourted and no subsidy or any other form of preferential treatment seemed too outlandish for a Depression-racked South. Dickson, Tennessee lured a garment manufacturer away from Pennsylvania with a free plant financed by six percent deductions from the salaries of employees whose paychecks averaged barely \$5.00 per week. Dickson also provided a five-year tax exemption and free water and electric power.

Also in the '30s, Lewisburg, Tennessee built itself a tax-exempt town hall, held one meeting in it, and turned it over to the General Shoe Corporation, which in turn was expected to dock worker salaries in order to repay half the cost of the building. Other cities raised money to finance factories through public subscription. In Columbia, Mississippi, Mayor Hugh L. White led a drive to raise \$85,000 to finance a plant building for Reliance Manufacturing Company. White went on to win the Mississippi governorship in 1935, and in 1936 he persuaded the legislature to adopt a bill designed to "Balance Agriculture with Industry" in the Magnolia State.

The "BAWI" plan utilized municipal bond issues in Mississippi to provide low-cost financing for buildings leased to industries at low rental rates. In most cases during the early years of BAWI, rents were little more than nominal, and as municipal property the plants were tax-exempt. The town of Durant supplied Real Silk Hosiery Mills with a \$25,000 building for an annual rental fee of five dollars. The only string attached to such benevolence was the guarantee of a stipulated payroll — in the case of

BOOM COUNTY.



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8247

Durant and Real Silk — \$60,000 annually. The BAWI plan's payroll guarantees illustrated the theory behind all such subsidies to industry — they actually amounted to the purchase of a payroll.

The BAWI program ushered in a new era in which state governments expanded their industrial development programs and responsibilities and imposed legal sanctions and supervision on a previously chaotic system of giveaways. The state-supervised use of municipal and state financing for industry spread across the South. Many states relied heavily on tax concessions as inducements to new industry. In 1948, for example, tax exemptions for industry in Louisiana totalled nearly \$12 million, a figure approximately 20 percent as large as its entire property tax collections for that year. When questioned on the matter, industrialists almost always affirmed their desire to shoulder their "fair share" of the tax load, but an industry that declined a tax exemption was rare indeed.

Other special concessions were easy to obtain. Free water and sewer hookups were usually available for the asking, as were highway spur connections. Legislatures stood poised to leap at a moment's notice through whatever hoops the prospective new industry desired in order to land the "really big one." In June 1956 the South Carolina legislature met in special session at a cost to the taxpayers of \$30,000 in order to amend the state's alien properties act and allow Bowater Paper, an English firm, to locate at Rock Hill. The state's Water Pollution Control Authority was similarly cooperative and exempted the company from certain recently enacted pollution control statutes.

Subsidies were supposed to give Southern states and communities extra leverage in dealing with industries, but in reality the reverse proved true. Butressed by an investment of public funds in its welfare, a subsidized industry stood a good chance of extort-

ing further concessions from the community. In 1935 Union Camp wrangled tax concessions from Savannah and secured the city's pledge to contribute to the legal costs of defending Union Camp from pollution-related litigation. Elsewhere, labor union leaders charged that Chester, South Carolina had shaped itself into a doughnut in order to provide a tax-free hole-in-the-middle for a textile firm threatening to pull up spindles and move on.

The most common demand made by industries on state and local governments was that of protection from

labor unions. Dominant low-wage employers often enjoyed a virtual veto over the recruitment of new industries likely to be unionized or pay wages above the local norm. For a time, the Raleigh Chamber of Commerce maintained a written policy against contacting industries that were vulnerable to organizing efforts. Across the South, developers responded to inquiries from unionized industries in much the same fashion as the Greenville, South Carolina construction executive who urged his colleagues to "run those bastards off; somebody else will come."

All of the old Confederate states had enacted right-to-work laws by 1954 and Mississippi soon went so far as to anchor such a provision in its state constitution. Local statutes were even more blatantly anti-union. Baxley, Georgia required unions to pay a \$2,000 license fee and \$500 for each member. In 1964 Star City, Arkansas approved a \$150,000 bond issue for a new garment plant and then levied a \$1,000 per day license fee on union organizers. Such organizers could expect harassment from local law enforcement officials, the clergy ("CIO" meant "Christ Is Out"), the media, and even the workers themselves.

Company and community leaders cooperated to play on racial and sectional prejudices. Union leaders were branded as communists or "pot-bellied yankees" with "names that even a high school teacher couldn't pronounce." In the wake of the 1954 *Brown v. Board of Education* decision, the *Charleston News and Courier* warned workers against throwing in "with union officials who are brain-washed with the popular creed of mixing the races." In 1956 South Carolina Lieutenant Governor Ernest F. Hollings cited a labor union-NAACP conspiracy against "the Southern way of life."

In addition to a host of subsidies and other favors such as protection from unions, the Southern states adopted aggressive advertising campaigns stressing cheap labor, low taxes, and cooperative government. Clanton, Alabama's "No Hostile Union Here And None Desired" slogan wasted no words. In a 1954 letter to an industrialist, the mayor of Pelahatchie, Mississippi bragged that "our wonderful labor, 98 percent native born, mostly high-school graduates, will lower average hourly industrial wage rates 5 cents to 95 cents below Northern states."

□ State and local officials from the governor down to the city councilman were expected to take an active role in industrial recruiting. For the governor, the industry-seeking expedition to the North (and later, abroad) became the search for the Holy Grail. Back home, anxious constituents scanned the front pages for news that, in the spirit of J.E.B. Stuart, their chief executive had

MY TURN

Closer To Home



"They come in . . . they rape and steal from the communities, nobody makes them responsible for their actions in the plants. They make big money but have no responsibility to the community. There must be some call from the community, from the church, to monitor and see what's happening. The horror stories are locked inside the plants because as long as they can keep their actions from public view, they have no fear."

— Barbara Taylor, North Carolina

made another successful raid behind Yankee lines. Governors fell over themselves being hospitable to industrialists, offering lavish entertainment and free transportation. George Wallace even sent formal invitations, bearing his personal phone number to manufacturers contemplating a visit to Alabama. Influential private citizens were also pressed into service. In 1969 the bishops of three Mississippi denominations assisted state development officials in their efforts to land a General Motors plant for Jackson.

Beginning in the late nineteenth century, railroads unleashed wholesale propaganda barrages in the interest of encouraging Southern economic development. In the twentieth century, utilities like Mississippi Power and Light and Georgia Power assumed a leading role in this area, often working closely with state development officials. In 1954, South Carolina's Daniel Construction Company sent a recruiter on 33 "prospecting" trips to the Northeast. Major banks joined in these activities, which for them, as for utilities, railroads, and construction firms, amounted to a self-interested investment in their own economic future. Such companies also provided significant campaign support for the political candidates at all levels who took the strongest pro-business, development-oriented stance.

For all the attention and support afforded industrial prospects, the results were ultimately disappointing. At the middle of the twentieth century wages in Southern industries had made almost no gains relative to those in the Northeast and in some areas the wage gap was actually widening. The problem, most experts agreed, was the region's industrial mix, which was dominated by low-wage industries. As the 1960s began, three-quarters of the workers in half of Georgia's counties were still employed in the textile, apparel, and lumber and wood industries.

In an effort to break the stranglehold of such industries on the South, political, economic, and educational leaders joined forces to offer more skill-intensive industries the higher-quality labor that seemed in such short supply in the region as a whole. South Carolina pioneered in this area with an ambitious program of vocational-

technical education and an innovative, flexible plan to train workers for specialized jobs, utilizing state personnel, facilities, and funds. The other Southern states rapidly fell into line and by the end of the 1970s an industry moving into the South could expect to begin operations with a fully trained work force, courtesy of a grateful state development agency. "Start-up" training was a boon to companies accustomed to low production levels during the early stages of operations. The programs imposed few restrictions on the employer. More workers were trained than were needed, no trainee received any guarantee of employment, and most incoming industries were careful not to disrupt the local labor situation by offering wages significantly higher than the regional norm.

An even more ambitious attempt to upgrade the South's industrial mix came in the great "research and development" push. North Carolina's Luther Hodges implemented sociologist Howard Odum's suggestion of a research center capitalizing on the state's university triumvirate of Duke, North Carolina, and North Carolina State. The result was the Research Triangle Park, a cozy home for some of the most prestigious corporate research facilities in the nation. Although its proponents had promised that the park would ignite a high-tech explosion in the state, the Triangle's impact was highly localized. As Raleigh-Durham-Chapel Hill boosters adopted "Ph.D's per square mile" as their favorite bragging statistic, other states followed North Carolina's example, with considerably less success.

□ For all the high-tech hoopla coming out of the Research Triangle, North Carolina's experience reflected the frustrations and contradictions that have marked the South's industrial development effort from the outset. Despite having the nation's highest percentage of the work force employed in manufacturing, the state's hourly wage trailed even that of Mississippi until 1984, when the Tarheel State opened up a six-cent lead. At the forefront of the effort to modernize the South's economy, but still burdened by the crippling legacy of the textile, apparel, and other low-wage industries,

North Carolina was an appropriate symbol of the paradox of progress and poverty presented by the South. Overall, the region in 1980 was home to 66 of the nation's 75 most industrialized counties and 61 of its 75 poorest.

Industrial development efforts not only failed to deliver the South from significant impoverishment, they also often seemed to confirm rather than alleviate the region's social, political, and institutional distress. Corporate investors actually praised the Southern states for maintaining many of the conditions that were traditionally linked to the region's backwardness. Nestled comfortably at the bottom of rankings of educational support and achievement, progressive taxation, public welfare, wages, unemployment compensation, and environmental protection, the Old Confederate states consistently captured top spots in annual rankings of "business climates." No human or institutional need took priority over the business climate, and every new or altered policy was scrutinized in terms of how business and industrial leaders would respond to it.

It was generally agreed, in the abstract, that better schools meant more rapid economic growth. When it came down to it, however, many proponents of this theory balked at raising taxes to fund better schools because, as Mississippi governor Bill Allain reasoned, "We're defeating the purpose of saying we must have a good education system to get good jobs when the funding method for the education is against the very jobs we need the education to fill." In 1986, as the state's universities faced budget cuts averaging more than 20 percent, Allain threatened to veto any tax hike, invoking the business climate despite the fact that the state's effective business tax rate was barely two-thirds of the national average and its income tax ranked the lowest in the Southeast.

Just as it would be incorrect to credit the industrial development effort for all of the South's progress, it would be unfair to blame that effort for all its persistent economic problems. The South began its crusade to industrialize at a competitive disadvantage with the North. As time passed

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the region became a stronger competitor but the increased industrial mobility that enhanced the South's recruitment efforts soon began to cut both ways. The mounting labor costs and escalating international competition that encouraged many American manufacturers to move south ultimately encouraged them to look for locations even farther away from home.

Compared to China with its average earnings of sixteen cents an hour, the South suddenly became a high-wage region. Hence, Southern developers now face not only the problem of recruiting more modern, better-paying industries but also that of holding on to the older, more traditionally Southern low-wage firms that still form the mainstay of the region's industrial economy. With textiles and apparel contributing so heavily to a trade deficit in which each \$1 billion costs about 25,000 jobs, the news that 300,000 jobs were lost in the Piedmont textile industry between 1979 and 1985 came as no surprise. After years of criticism from Northern political

leaders outraged by Southern "industrial piracy," it seemed strange indeed to hear a Mississippi legislator condemn competition with cheap foreign labor as "an abuse of the free enterprise system." With manufacturers fleeing to the Third World and the North pursuing an organized and determined effort to outbid the South for footloose industry, devising policies to force employers to pay higher wages and more taxes is no simple matter.

It is ironic that the South should find itself in competition with nations whose efforts to promote economic development are so much like its own. In South Korea, where cheap labor has been the prime attraction for industry, the government played the major role in promoting economic modernization and pursued labor policies so repressive that the Southern states seemed positively pro-labor by comparison. Whereas a deprived Dixie set its sights on overtaking its Northern neighbors, South Korea's model was Japan. A final parallel is perhaps the

most striking of all. Even as the Southern states find themselves in a frustrating competition for industry with Asian and other Third World nations, South Korea is already fretting about losing industry to even cheaper labor markets like Thailand and Sri Lanka.

Deindustrialization was a bitterly disappointing experience for a region with so many areas that were still scarcely industrialized at all. Counties with large black populations were the hardest of the South's hard-core underdeveloped areas. Industrialists expressed concerns about educational deficiencies and worker absenteeism in such areas, but what they really feared was the allegedly greater susceptibility of blacks to unionization, as well as the prospects of a black political takeover which would lead to higher taxes in support of expanded public welfare services and assistance.

The desire of Amoco Fabrics Corporation to locate its facilities in counties where blacks made up less than one-third of the population caused a stir when it was made public, but industrial developers in a number of Southern states confirmed the aversion of many industrialists to areas with significant black populations. One observer calculated that if the "33 percent" standard was applied to Alabama, Georgia, and Mississippi, scarcely one-third of the counties in those states would have qualified as locations for new plants. A recent study by the Southern Growth Policies Board showed that between 1977 and 1982 employment grew more than twice as fast in nonmetropolitan Southern counties where less than 25 percent of the population was black as it did in those where the black population was greater than 50 percent. As the dust settles from the scramble to land the new Saturn plant and the new Toyota facility, it is worth noting that the lucky locations — Maury County, Tennessee and Scott County, Kentucky — featured populations that were 93 and 83 percent white, respectively.

For many years, Southern developers longed for the day when the region could attract the frontline, high-rolling industries whose high profits and advanced technology

enabled them to operate successfully in any wage and tax climate. After World War II the South began to attract such industries in increasing numbers, but with so many locations bidding for their plants, by the time they arrived in Dixie, most of these firms behaved a great deal like the low-wage, tax-conscious industries that had dominated the region for so long. A classic example was Boeing Aircraft's 1985 announcement that it was locating a major repair facility in Greenville, Mississippi.

Boeing's announcement thrilled Mississippi developers who had barely dared to dream of landing such industries. Moreover, the facility was locating in a county with a large underemployed black population. Why did this corporate giant choose to smile on the nation's most reviled state? The smile began with the discovery of Greenville's abandoned air force base, which was to become Boeing's home after it had been refurbished with federal grant funds. Boeing had further reason to smile when Greenville offered to subsidize the facility with a \$5 million bond issue and the state of Mississippi promised to chip in as much as \$10 million in addition to a \$577,000 training program for the plant's workers.

With a total subsidy offer estimated at \$18 million, Boeing could grin from ear to ear. How did the company, which had taken in \$390 million in profits in 1984 (without paying a cent in federal income taxes) propose to repay such generosity? It promised to create as many as 645 jobs, but as many as 60 percent of them would pay a starting wage well below the state average (fiftieth nationally) and as much as three dollars below what Boeing paid its employees in Wichita, Kansas.

Elsewhere, the initial price tag for Toyota's move to Georgetown, Kentucky — including the site, site preparation, training and skill development programs, and highway improvement — came to \$125 million. Recent reports indicate that the state also agreed to pay the first six months' wages of most of the workers hired during the first five years of operation. Such a concession would push the Toyota's "purchase price" well above \$350 million.

After years of offering boundless hospitality to all sorts of ailing corporations, Southern leaders could hardly complain as well-heeled newcomers took advantage of every opportunity to make themselves comfortable. The South's promotional programs still bear considerable resemblance to the late-nineteenth-century policies that C. Vann Woodward described as a recipe for "juleps for the few and pellagra for the crew." Still, the South was victimized not so much by its development policies as by the faith of its policymakers in industrial capitalism as the ultimate redemptive force. This same faith inspired American foreign policymakers for most of the twentieth century, encouraging them to believe that by creating a safe climate for American investment they could guarantee social and political progress throughout the world. In reality, as the experiences of the South and many other developing countries demonstrated, American investors opted for stability and conservatism over democracy and human uplift.


Unfortunately for the South, its industrial heyday came in the post-World War II decades when American manufacturing was losing its preeminence in the world economy. Thus, instead of throwing off its traditionally sacrificial and exploitative development policies, the South had to cling to them even more tightly as the rest of the nation rushed to bolster its sagging economy through the pursuit of industry, Southern style. By encouraging union- and wage-busting at every opportunity, and by transferring educational and social welfare responsibilities to the state governments where competitive economic development pressures all but ensured their swift demise, the Reagan administration's policies only accelerated the "southernization" of the entire nation's business climate.

Southern apologists had long insisted that a faltering America would one day look to the South for leadership. Still, the ascendance of Southern-style development strategies was more sobering than inspirational, for it reflected the degree to which the nation's uncertain future was beginning to take on the ugly shape of the South's past. □

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James C. Cobb is Professor of History and Southern Studies and Director of the Southern Studies Program at the University of Mississippi. His publications include: The Selling of the South: The Southern Crusade for Industrial Development, 1936-1980 (LSU Press, 1982), and Industrialization and Southern Society, 1877-1984 (University Press of Kentucky, 1984).

SCHOOLS & TAXES

Making Industry Pay Its Way

By Kristin Lyang Szakos

The story is as old as the hills that lie stripped and bare across the eastern Kentucky coalfields. Millions of dollars leave the region every year, loaded onto barges and railroad coal cars, while the people who remain must make do with poor roads, poor services, and poor schools.



Eastern Kentucky ranks near the bottom of the nation in the quality of education available to its people: 50th among the states in the percent of its adults who can read; 41st in per-pupil spending for public schools; and 38th in average teacher salary. School buildings are overcrowded, and students sell candy, lightbulbs, and magazine subscriptions to buy cleaning supplies and books for their schools. Half of the students who begin high school drop out before they graduate.

At the same time, the state's coalfields yield \$2.5 billion each year, and they hold reserves of coal worth an estimated \$22 billion — equivalent to a \$6,000 endowment for every man, woman, and child in the state.

That education is poor in this area of vast coal wealth is no coincidence, according to a growing consensus of Kentuckians. "The coal companies have always wanted us to have strong backs and weak minds," says Eula Hall, founder of a community health clinic and longtime activist in Floyd County. "Ignorant hillbillies. That's what they need, and that's how they try to keep us."

"It's very easy to intimidate people who don't have the education to get any other kind of jobs," adds Sidney Cornett, immediate past chair of the

1,300-member Kentucky Fair Tax Coalition, a grassroots citizens' organization. "People are afraid to speak out because they are afraid of losing their jobs or their families' jobs in the coal mines." This fear of job loss is not unique to eastern Kentucky; it prevails wherever one industry dominates the local economy, from the mill towns of Georgia to the lumber camps of Washington state.

Coal miner Raleigh Adams of Yeaddiss, Kentucky was fired from his job last winter after he complained about safety violations in the Blue Diamond mine where he worked. President of his union local and active in a citizens' group in Leslie County, he is convinced that his firing was the result of his activities. Nine months after he was fired, a labor arbitrator ordered Blue Diamond to reinstate Adams, but with no back pay.

"The coal companies want people who are uneducated to go in and run their mines, and operate the equipment," he says, "because if you're uneducated and ignorant as to what's going on, all you know to do is just work the levers on that piece of equipment. You don't know your rights that the laws give you, and all you're going to do is sit there like a robot and do what the company tells you."



photo courtesy of Solid Fuel Administration, National Archives

THE COMPANY SCHOOL

In the first decades of this century, industry control over the region's education was direct. The early coal operators in Appalachia found that it was more practical to house their workers near the mine than expect them to get to work in all kinds of weather across miles of mountain path. At first, most of the miners were single men, and little attention was paid to the need for schools. As coal production increased, however, operators needed a more stable work force, one which would not disappear during hunting or planting season. They needed family men whose need to provide for wives and children would keep them from walking off the job.

It was to attract such men that coal companies first hired teachers and built schoolhouses in mining camps. The schools were thus as much a tool for socialization and control as for education. In 1925, the U.S. Coal Commission reported to the Senate that more than two-thirds of the coal miners in eastern Kentucky lived in mining camps. Generations of their children were educated in company schools.

In recent years industry control over education has been less direct, but in many ways no less complete. "The game is set up here, and if you're not going to play it, if you're not going to be in the coal industry or in some service industry to that, then you have to leave town," says Beverly May, who left the area for college when she was 18. Many of her classmates who went on to college have never come back to

the mountains, she says. Those who became doctors or lawyers or teachers have remained in Lexington or Louisville.

"If you want to be a teacher in Floyd County," says May, "you have to negotiate the proper political support. If you don't have the right political ties, you won't be hired, no matter how excellent a teacher you are."

Throughout eastern Kentucky, politics are dominated by coal. Some of the industry's political control is direct, including bribes, threats, vote buying, and kickbacks for cooperative public officials. But without the voters, the coal industry could not wield such power. People continue to elect local and state officials who ignore safety and health laws, along with tax assessors who undervalue mineral property and sheriffs who "forget" to collect even those small taxes year

after year. Voters also continue to elect to the state legislature mineral owners, mine operators, and coal company lawyers, who again and again pass legislation that protects the industry at the expense of the public.

Why? Because many voters believe that the welfare of the coal industry is more important than safety, water quality, or revenue for roads and schools. Every time a new tax or regulation is discussed in eastern Kentucky, the industry issues gloomy predictions that it will go broke with any additional burden. That warning translates into the threat of massive lay-offs, something no one wants. Fear of hurting the economic health of the coal industry is reason enough for most eastern Kentuckians to keep quiet. The spectre of a coal depression is real for them, brought home time after time by the boom-bust cycles to which the industry has always been prone.

In many cases, this fear-induced loyalty to the industry turns workers against the very things that could loosen their dependence on coal for jobs. One of these things is a tax on unmined coal.

TAXING UNMINED WEALTH

In Kentucky, as in other mineral-rich states, most of the coal is owned by absentee corporations, while much of the surface land is owned and farmed and lived on by Kentuckians. The minerals under these farms and homes were brought at the turn of the century, often for 50 cents an acre, by speculators and land companies. Today, such mineral property represents millions of dollars in potential profits to these companies — an inventory that is virtually tax-free. One example is Pocahontas Development Corporation, a subsidiary of the Norfolk and Southern Railroad, which owns more than 81,300 acres of mineral rights in Martin County. In 1985, Pocahontas paid \$74 in property taxes on this vast reserve of coal, worth millions of dollars.

A state circuit judge ruled in July 1985 that Kentucky's property tax rate on unmined coal — one-tenth of a cent per \$100 valuation — was so low that it amounts to an unconstitutional exemp-

tion from taxation. The state has appealed. If the ruling stands, the statewide tax rate of 22 cents will apply. However, a 1978 law exempting coal from local taxation means local school districts, county governments, libraries, and health departments still will not be able to tax coal property as they do all other property.

In January 1986, a bill was introduced in the Kentucky legislature to re-establish state and local taxation of mineral property at standard rates. The house majority floor leader, a lawyer with coal-related interests, kept it from coming out of committee for consideration. Similar legislation introduced in the Kentucky General Assembly in 1982 and 1984 was also killed in committee.

Representative N. Clayton Little, a Democrat from the eastern Kentucky community of Virgie, sponsored the bill each time. An educator and storekeeper, Little says that economic development will not reach the mountains without the roads and services and education that such tax money could fund. He is not surprised at the opposition his bill has attracted from the coal industry. "The (coal) holding companies would rather our area not progress educationally. Our people are hostages to that one industry because they do not have a choice."

"I think the coal industry's really afraid of what we'll do with the education that this money would bring in," adds Mary Jane Adams, a Leslie County schoolteacher and the chairperson of the Kentucky Fair Tax Coalition. "This area is being exploited and education would help people realize that," says coalition past chair Sidney Cornett. "They would start to realize that they are doing all the work and taking all the risks and the companies are making all the money."

Predictably, the industry argues that such a tax would increase the cost of coal production and reduce profits. If the measure is enacted, the industry says it will pull back production, mines will close, and widespread layoffs will result. However, evidence from other states shows that a tax on unmined minerals has a negligible impact on corporate profits. Kentucky is the only major mineral producing state without such a tax.

While minimal to the industry, the effect of a tax on unmined minerals would prove dramatic for the state's economy and for local governments. In Pike County alone, an unmined minerals tax would bring in almost \$5 million a year for education. Harlan and Floyd counties would get more than \$1 million each, and in the coalfields of western Kentucky, counties like Union, Webster, and Henderson would increase their school revenues by \$2 million to \$4 million annually.

Counties could use *additional* tax funds from unmined minerals for roads, health centers, water and sewer



Mary Jane Adams holds up a nickle, the average per-ton cost over 20 years of a tax on coal reserves.

systems, and other needed public improvements, enabling them to loosen the grip of the coal industry on local economies. Light industry, long reluctant to move here because of the paucity of services, might find themselves attracted by the temperate climate and large labor force. With adequately funded schools, eastern Kentuckians might begin to train themselves for jobs outside the coal mines; they might begin to read about and understand the economic forces at work on their lives; and they might better prepare their children for the day when the coal industry runs out of mineable coal and leaves eastern Kentucky.

photo by Kristin Lyang Skatov

SIGNS OF HOPE

Despite the recent defeat of the unmined mineral tax and other legislation to regulate the mining industry, there are signs that change is coming to eastern Kentucky. One indication is a statewide push for educational reform. As in other Southern states, an odd mixture of chambers of commerce, parents' groups, governor's commissions, teachers' associations, industrial recruiters, and education bureaucrats have begun to see the con-

nection between education and economic development.

Even a self-described "new breed" of coal company managers has joined this campaign by funding school programs and conferences across the state. "I think there's a greater awareness on the part of managers of today's (coal) companies of the importance of education," says Raymond Bradbury, president of Martin Coal Company, one of the largest producers in eastern Kentucky. "They're younger and more astute, more business-oriented rather than just coal-oriented."



photo by Bob Herbert

HOW MY SCHOOL COULD USE NEW TAX MONEY

The following essay was written by Rebekah Price, a sixth-grader from Hindman, Kentucky in response to the question: "What could your school do with \$100,000 from an unmined minerals tax?" Hers was the winning entry in an essay contest sponsored by the Kentucky Fair Tax Coalition, which is working to end the exemption of the state's vast mineral wealth from property taxes. It is perhaps the strongest indictment possible of a school system where politics and the economics of coal have kept the schools underfunded and the children undereducated for generations:

My school could use money from an unmined minerals tax to build onto the school so we don't have to eat in the gym, also so that the music and art teachers don't have to come to our rooms to teach their classes.

They could buy some new playground equipment because we only have some swings, a monkey bar, and a slide. They could buy equipment so we could have a proper P.E. class even when it rains and snows.

Our school could also buy the workbooks so that parents don't have to pay; they could buy the toilet paper for the younger kids so their parents would not have to buy it. Our school could buy tape and the necessary supplies for the teachers so they don't have to buy them themselves.

They could fix up the bathrooms so they don't smell all the time and they could keep soap in the bathrooms so we could wash our hands after we use the restroom.

They could use the money to fix us better lunches so we don't have to eat the same lunches over and over again; they could make the food taste halfway good because their food is very bad.

Also they could fix the leaks in the ceiling so when it rains the halls will not get slippery because someone could get hurt very badly if they were to fall. They also could buy clocks for all the rooms, and that's what my school could do with money from an unmined minerals tax.

— Rebekah Price
Sixth Grade
Hindman, Kentucky

"We have some continuous mining equipment that's worth half a million dollars or more," he adds. "I don't like the idea of someone operating that equipment without understanding the instructions. If the operator has at least a high school diploma, it makes him a safer skilled operator."

Although he favors educational improvements in the state, Bradley opposes a tax on unmined minerals to help pay for them. Yet the charitable contributions of Martin County Coal and other companies for school programs cannot solve the larger problems of the area. The thousands of dollars that Martin gives to local schools and communities is small compared to the millions of dollars its parent companies, the multinational Fluor Corporation and Royal Dutch Shell, have taken out of these mountains. Taxing that wealth in the ground would go a long way toward providing the education and services eastern Kentucky needs.

The current push for educational reform is certainly a positive sign. Whatever the motives of those behind it, improved education cannot help but improve conditions in eastern Kentucky and loosen the hold of the coal industry. But getting business, particularly the coal industry, to pay its fair share of the costs of these reforms will continue to be a far tougher battle. Under the present system, the cost of reforms will be borne by those least able to pay through increased property and sales taxes.

Perhaps the most vital sign of hope in the coalfields is the growth of local and statewide groups working for a fair-tax system, landowner rights, and environmental protection. With each success of these groups, the argument that nothing can be done to overcome the grip of the coal industry grows weaker.

"I get so tired of people saying there's nothing you can do," says Raleigh Adams, who has been active in such organizations. "I say, 'Well, then just go crawl back in your hole and get out of my way!'" □

Kristin Layng Szakos is a freelance writer in Pike County, Kentucky.

photo by Jackson Hill



The Climate for Workers

BY KENNETH JOHNSON AND MARILYN SCURLOCK

“Favorable business climate” and “ideal places to live” are regularly assessed, but there have rarely been indexes of good places to work. Indeed, the criteria used by most business climate reports — like Grant Thornton’s *General Manufacturing Climates* — assume that low wages, limited unemployment compensation and worker protection, and weak unions are good for business. This is a strange assumption for people who also profess to believe that people are our most important asset. *The Climate for Workers* report we prepared for the Southern Labor Institute demonstrates the error in this traditional assumption.

We believe that the true test of economic conditions is how working people — the vast majority of citizens — fare in these times of economic change. After analyzing 33 indicators measuring income, job rights, health and safety, equal employment opportunity, and job loss benefits, our study revealed that workers in the Southeast, more than in any other region, fail to

enjoy the full fruits of their labors.

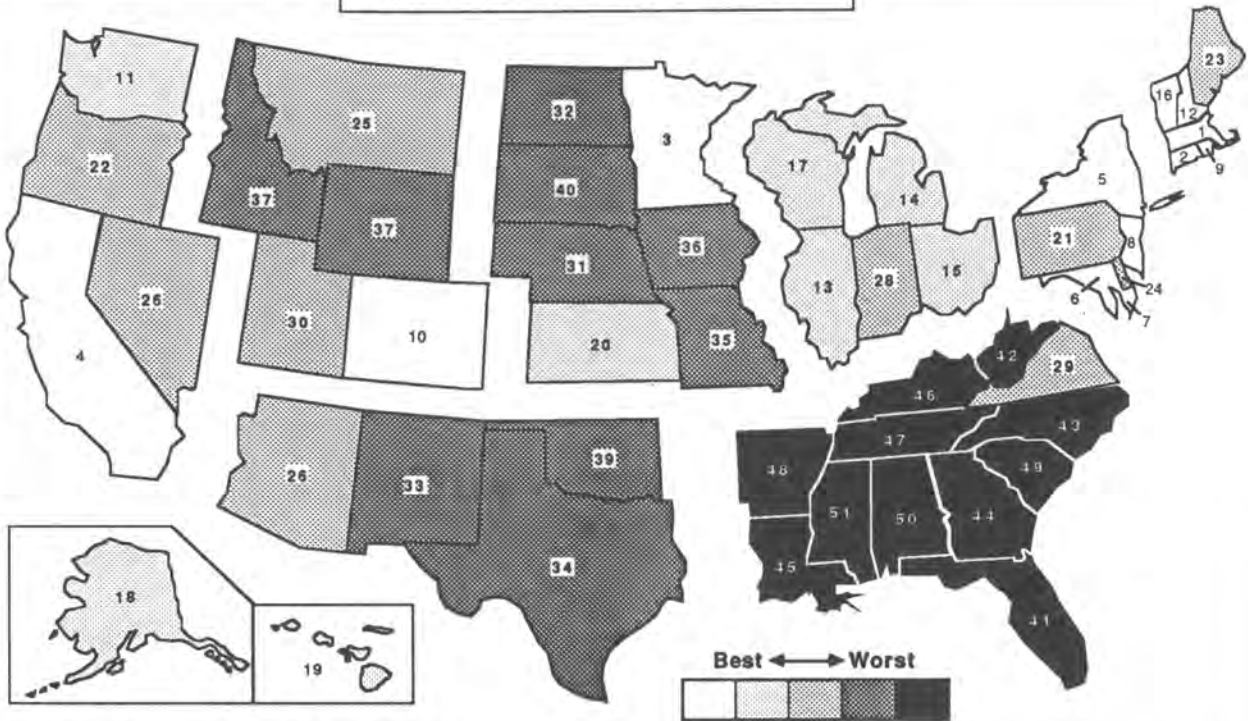
For example, the Southeast’s extraordinary growth in jobs between 1975 and 1984 has been accompanied by the least change in personal income of any U.S. region. While four Southeastern states rank among the top nine in job growth for this 10-year period, eight Southeastern states fall among the bottom 11 in personal income growth during the same years.

The Southeast gained 5.2 million jobs between 1975 and ’84, a 32 percent increase.

More and more people are working full-time year-round yet have incomes below the poverty level. These are the working poor. Working people are much more likely to be poor in the Southeast than in any other U.S. region. Of the 10 worst states, eight are in the Southeast — ranging from Tennessee, with 8.2 percent of its workers below poverty level, to Mississippi at 12.7 percent (the highest proportion in the nation).

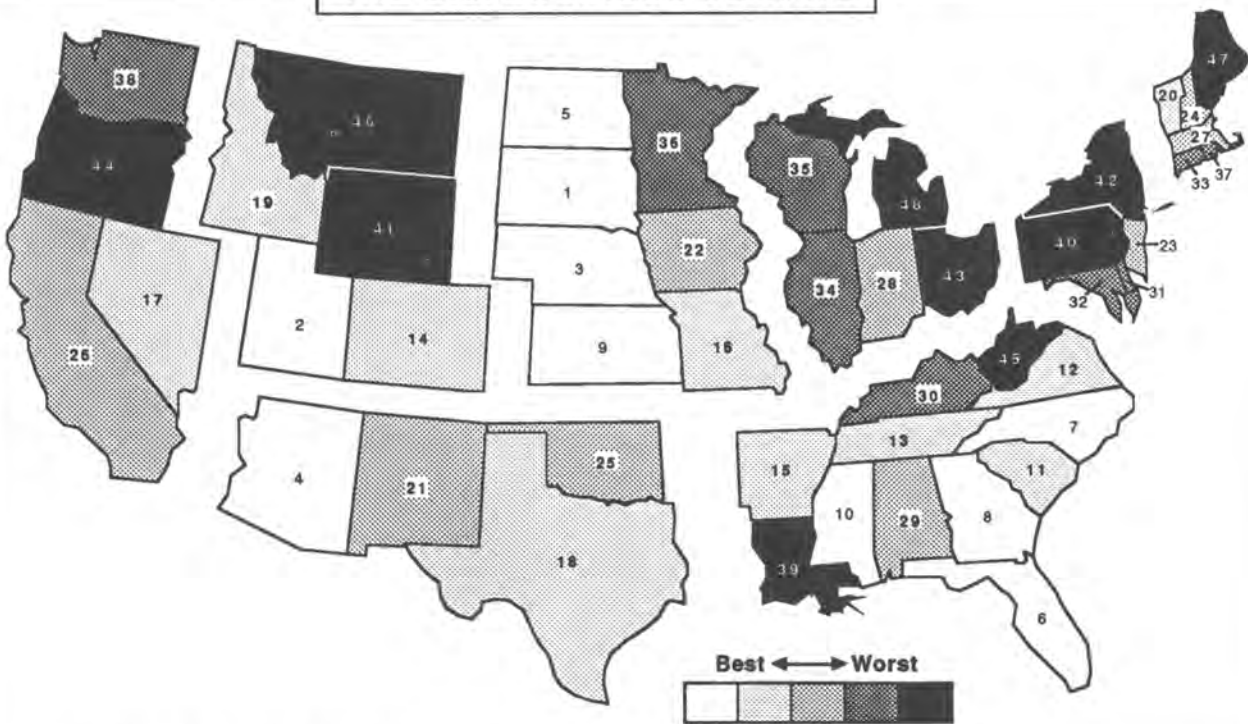
In all 12 states of the region except Virginia and Louisiana, over 70 per-

THE U.S. LABOR CLIMATE



Source: Southern Labor Institute, Atlanta, 1986

THE U.S. BUSINESS CLIMATE



Source: Grant Thornton Consultants, Chicago, 1986

While the Southern Labor Institute measures the climate for workers (see article), Grant Thornton evaluates how attractive each state is to manufacturing firms. Its "Seventh Annual Survey of General Manufacturing Climates" uses 22 indicators and gives higher scores for low wages, low unionization, low taxes, and low worker compensation.

HOW THE STATES

Composite National Rank	STATE	Non-Agricultural Employment Change		Change in Personal Income		% Families With 1979 Income Under \$25,000		Ave. Wage Per Hour, Factory Workers		Average Annual Salary		% Mfg. Jobs In Low-Wage Industries	
		1975-84	Rank	1975-84	Rank	1979	Rank	1984	Rank	1983	Rank	1982	Rank
50	ALABAMA	229,000	23	\$5,339	45	74.3%	44	\$7.97	39	\$15,542	36	46.7%	41
48	ARKANSAS	159,000	32	5,117	47	79.6	51	7.31	46	14,327	48	46.9	42
4	CALIFORNIA	2,706,000	1	7,875	8	58.9	9	9.77	13	19,021	5	23.8	25
2	CONNECTICUT	303,000	16	9,582	1	55.2	4	9.22	26	18,752	7	23.9	26
41	FLORIDA	1,462,000	3	7,133	14	71.2	38	7.62	44	15,542	36	31.4	37
44	GEORGIA	702,000	5	6,476	25	70.9	35	7.58	45	16,098	31	54.2	46
13	ILLINOIS	218,000	24	6,913	18	56.1	6	10.08	9	18,707	8	22.3	19
36	IOWA	63,000	40	6,047	35	66.0	26	10.25	7	15,214	42	31.0	36
46	KENTUCKY	148,000	33	5,346	44	74.0	42	9.28	23	16,028	32	28.8	34
45	LOUISIANA	347,000	14	5,846	40	68.3	32	10.06	10	17,344	16	22.8	22
1	MASSACHUSETTS	579,000	8	8,689	3	61.4	13	8.50	33	17,351	15	22.4	20
51	MISSISSIPPI	131,000	36	4,605	51	78.8	50	6.95	51	13,941	50	53.6	45
33	NEW MEXICO	133,000	35	5,488	43	72.3	39	7.97	39	15,930	33	26.2	28
5	NEW YORK	727,000	4	7,777	10	63.2	18	NA	NA	19,694	4	26.6	31
43	NORTH CAROLINA	582,000	7	5,930	37	75.0	47	7.01	50	14,678	44	62.4	49
15	OHIO	232,000	22	6,494	24	62.8	17	10.96	3	17,920	13	18.1	11
49	SOUTH CAROLINA	287,000	18	5,496	41	74.1	43	7.28	47	14,647	45	59.8	47
47	TENNESSEE	303,000	16	5,491	42	74.5	45	7.93	41	15,547	35	41.2	40
34	TEXAS	1,974,000	2	6,940	17	64.8	22	9.04	29	18,133	10	23.2	24
30	UTAH	161,000	30	4,777	49	66.2	25	8.93	31	16,513	27	17.5	9
29	VIRGINIA	546,000	9	7,505	11	63.9	20	8.12	36	16,490	28	40.0	39
42	WEST VIRGINIA	20,000	51	4,762	50	73.3	41	9.93	12	16,863	23	17.6	10

Source: Southern Labor Institute

cent of the families with incomes earned less than \$25,000 in 1979.

Southeastern states still have the lowest per capita incomes in the U.S., and nine of the 12 Southeastern states are among the bottom 13 in manufacturing wages, averaging less than \$8 per hour. The range in these states extends from \$7.97 in Alabama to the national low of \$6.95 per hour in Mississippi.

The Southeast can rank high in job growth while also ranking low in wages and income, because in eight of the Southeastern states more than 40 percent of the manufacturing jobs are in low-wage industries (those with national average wages of less than \$8 per hour). These include lumber and wood products, furniture and fixtures, food and related products, textiles and apparel, rubber and plastics, leather and tanning, and miscellaneous manufacturing jobs.

The eight states range from North Carolina, with 62 percent of its industrial jobs in low-wage industries, to Virginia with 40 percent. Only Kentucky, West Virginia, Louisiana, and Florida fall outside the 40 percent threshold in the study.

WORKER'S RIGHTS

Not surprisingly, the eight states in the nation with the least worker protection are all in the Southeast. When it comes to state statutes and labor department policies governing the workplace, protecting workers' rights and safety, and providing compensation for disability and unemployment, the South falls considerably below all other U.S. regions. Briefly, these are laws prohibiting sexual harassment, electronic surveillance, and discrimination; laws providing whistleblower protection, access to personnel files, maternity leave, and time off to vote; laws establishing minimum wages, maximum hours, mandatory pay for overtime, timely payment of wages, and equal pay by sex; and laws guaranteeing employees' right to know about exposure to hazardous materials on the job and to obtain information about their welfare funds.

In Alabama and Mississippi, not one of the 14 laws had been enacted; in South Carolina, only one; in Virginia and Louisiana, only two; in Tennessee, Florida, and North Carolina, only three. The other two states in the



RANK FOR WORKERS

STATE	% Households With Workers Earning Subpoverty Wages, 1979		% Job In High Occupational Disease Industry		State Laws For Workers 1985		1985 Max. Weekly Benefits For Unemployed		% Black Male Workers In Trad. White Male Jobs		% White Women Workers In Trad. White Male Jobs		% Non-Agricultural Workers In Unions 1980	
	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank	Rank
ALABAMA	9.4%	46	4.3%	33	0.0	50	\$120	45	21.6%	46	21.4%	42	21.8%	28
ARKANSAS	10.0	49	4.0	31	7.5	31	136	42	23.5	42	17.0	51	16.0	40
CALIFORNIA	5.7	21	1.9	12	16.0	1	166	25	35.1	5	28.0	6	27.0	15
CONNECTICUT	3.2	1	4.4	35	13.5	2	252	2	33.2	8	26.2	14	22.9	24
FLORIDA	7.1	33	1.5	8	5.0	44	150	35	21.6	46	23.3	33	11.7	48
GEORGIA	8.6	44	2.3	16	6.5	38	125	44	21.8	45	18.4	50	15.0	45
ILLINOIS	4.5	10	2.9	22	13.5	2	209	7	27.1	29	23.9	24	30.6	8
IOWA	5.8	23	1.8	9	6.5	38	176	21	25.9	34	21.7	41	22.0	27
KENTUCKY	9.4	46	7.0	44	12.0	7	140	40	24.1	40	19.9	44	24.0	22
LOUISIANA	9.0	45	8.2	47	4.0	47	205	9	28.2	22	24.3	22	16.4	38
MASSACHUSETTS	3.3	2	2.5	19	12.0	7	278	1	34.1	7	26.9	10	24.9	20
MISSISSIPPI	12.7	51	3.3	25	0.0	50	105	50	25.6	38	21.1	43	16.3	39
NEW MEXICO	9.4	46	5.6	41	9.5	21	145	37	38.7	2	29.3	2	18.9	30
NEW YORK	3.5	3	1.8	9	12.0	7	170	23	29.8	15	28.4	5	38.7	1
NORTH CAROLINA	7.7	37	4.4	35	5.0	44	166	25	22.7	44	18.8	48	9.6	50
OHIO	4.8	15	4.4	35	12.5	4	233	3	26.8	30	23.0	29	31.5	7
SOUTH CAROLINA	8.4	43	8.1	45	2.0	49	118	47	24.6	39	18.8	48	7.8	51
TENNESSEE	8.2	42	5.9	42	4.5	46	115	48	21.6	46	19.2	46	19.1	29
TEXAS	7.9	39	6.5	43	6.5	38	182	20	29.9	14	26.6	12	11.4	49
UTAH	6.1	26	4.0	31	8.5	25	166	25	32.9	9	19.4	45	17.8	36
VIRGINIA	5.8	23	2.6	20	4.0	47	138	41	25.8	36	25.9	15	14.7	46
WEST VIRGINIA	7.2	35	14.5	50	12.5	4	223	5	29.3	17	24.6	20	34.4	4



bottom 10 are Iowa and North Dakota. California lacks only legislation prohibiting electronic surveillance. The other states in the top 10 — those providing the best statutory protection for workers — are Connecticut, Rhode Island, Massachusetts, Illinois, Ohio, Alaska, West Virginia, Kentucky, and Maryland.

While all states provide disability benefits for job-related injury, there is considerable variation in the maximum weekly benefit. At the bottom of the benefit scale, five of the six states that pay the least for permanent total disability — under \$200 per week — are in the Southeast. In the nation's 12 worst states, the weekly unemployment benefit is \$140 or less. Eight of these twelve are in the Southeast. At the bottom is Mississippi (\$105).

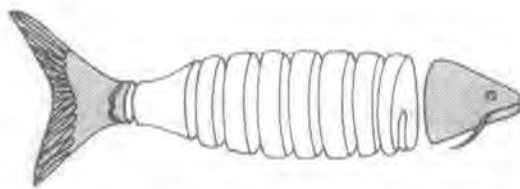
Until recently, blacks and women have been excluded from traditionally white male occupations, such as officials/administrators, professionals, technicians, and craft workers. Southeastern states rank on the bottom in the percent of working blacks and women employed in these jobs.

There are in effect two Souths: one where jobs and income are available,

and one where they are not. The poor, the working poor, minorities, and women — especially in the rural South — have formed a permanent underclass in the region, one that has been called “disadvantaged” and “structurally unemployed” for more than 20 years.

With recent changes in federal policies and programs, the lot of this underclass has deteriorated below even the poverty levels of the early 1960s. Given the climate for workers in the region, this group of citizens has few options for helping themselves. In the absence of policies and programs that directly address their needs as workers and income producers, there is little hope that help from other sources can make a lasting difference in their lives. □

*Kenneth Johnson, former regional director for the National Rural Center, is the director of the Southern Labor Institute, a project of the Southern Regional Council (SRC). Marilyn Scurlock is a staff member of the institute and former staffer with the National Rural Center's Southern office. The full text of **The Climate for Workers in the United States**, with charts and appendices, is available for \$20 from SRC, Suite 820, 161 Spring Street, NW, Atlanta, Georgia 30303.*



FISHY BUSINESS

By Michael Alexander

For the past 10 years, the \$650-million-a-year catfish business has been Mississippi's fastest growing industry — highly praised as a positive example of economic development in a state which still ranks last in most economic categories. Seventy-five thousand acres in the state are devoted to intensive commercial production of farm-raised catfish, and more acres are being bulldozed everyday. And unlike most of Mississippi's traditional farm products, the catfish are processed as well as raised right here in the state, in processing plants mostly owned by the farmers themselves — thus providing needed jobs and revenue for ailing local economies.

Yet this widely touted "salvation" for Mississippi's farmers has a grim underside for the mostly poor, black, and female workers in the processing plants. Although the state's high unemployment rate (13 percent officially) means that they need the jobs, many blacks in the area see the relationship between the catfish farmers and the processing workers as in some ways a continuation of the centuries-old exploitation of rural blacks by wealthy white planters. This conflict of interests erupted recently in a hotly disputed union election at the state's largest catfish processing plant — the Delta Pride plant in Indianola.

Delta Pride is the largest catfish pro-

cessing plant in the world. It is owned by the white Mississippi farmers who supply it. About 90 percent of the commercial catfish consumed in this country comes from Mississippi, and half of that is processed by the 1,100 workers at Delta Pride.

WORKERS' PRIDE

On October 10, 1986, the Delta Pride employees — almost all black women — voted by a margin of 489 to 346 to join Local 1529 of the United Food and Commercial Workers (UFCW) union. This election was the culmination of a long and difficult UFCW campaign throughout the region, and represents one of the most significant victories in the state's labor history.

Labor organizing has always been difficult and dangerous in Mississippi. Particularly in the Delta, where land and resources are mostly owned by a few wealthy whites and where jobs of any sort are scarce, union efforts meet with stiff opposition from the powers that be.

But working conditions inside the catfish processing plants have given employees there the impetus to demand more control over their situation. Dorothy Kembrough, a leader of the organizing drive at Delta Pride, says the union won because workers

were "being treated like dogs. . . . There comes a time when you can't take it no more."

Mississippi's catfish industry boasts that it employs over 4,000 people with a payroll of over \$40 million. Yet on a recent paycheck, Dorothy Kembrough grossed \$199 for 47 hours of work. After taxes, insurance, and \$2.50 for "uniform dues" — deducted "whether you use the uniforms or not" — her take-home pay was \$150.

She received the same \$3.85 per hour for regular and overtime hours. The average worker in Mississippi's food products manufacturing industry receives \$5.35 per hour, and the national average for the sector is \$8.17 an hour.

The phrase "regular hours" is misleading. Delta Pride workers say they never know when they will start work or get off. Required to report to work at eight in the morning, they often have to wait several hours without pay until fish are brought in. They also are required to work on Labor Day and the Fourth of July.

Respect for the workers' privacy and dignity — as well as regard for their safety — has been minimal. Workers must ask permission to go to the bathroom, and male supervisors have been known to follow them in. Until recently the bathrooms had no doors. Several workers say that some white

supervisors had to be moved because they "have gone to bed with some of these black women," who allegedly complied in order "to get more money."

Mary Young's job at Delta Pride is skinning the fish on a machine. Her description of plant conditions is graphic: "I'm right next to the line where they take the heads off, take the guts out, and then I skin them. Guts and blood are flying everywhere."

She says that many workers suffer from skin rashes and swollen eyes. "You have to pay for the safety glasses," she adds. "Most people don't wear them." In addition, she says, the floor is generally covered with water, and the smell "is enough to turn your stomach."

Accidents are also frequent, Young reports, especially in the filet department. Despite the safety gloves, she says, someone gets cut every day. The main reason is pressure on each worker to filet 800 pounds a day. Before the union drive started, moreover, there was no nurse on duty at the plant. Young contends that several people have lost fingers that could have been saved if they had not had to wait around for someone to take them to the hospital.

PRO-UNION VOTES

While the union cannot solve all of these problems right away, it does give the workers a channel for voicing their grievances which the company is bound to respect, at least to some degree. But workers at the several catfish processing plants in the Delta where the UFCW held organizing drives had to stand up to various kinds of opposition in order to claim their right to union representation. In some cases, the plant owners have decided to close the plants rather than abide by the election results.

On September 26, 1986, employees of the Pride of the Pond processing plant in Tunica voted 60 to 10 in favor of the union. Since then, however, production at the plant has been halted while stockholders "mull over"



PLANTATION LEGACY: While the workers inside Delta Pride's catfish processing factory are mostly black women, the company's board of directors (below) are all white men. The photograph above was taken on the day Pride of the Pond workers voted in the union.



whether or not to reopen it. Workers heard threats before the election that the plant might be closed if the union won. But employee Patricia Scott says they felt they "had no other choice, the working conditions were so bad."

Scott's starting pay was \$3.40 an hour, with no benefits and no holidays off.

Elsewhere in the region, workers at the Farm Fresh plant in Hollandale voted for the union over a year ago, but have yet to get a contract. Another

plant in Belzoni was organized back in 1980, but it closed in early 1986, throwing 150 employees out of work. And the union lost an election at the Con Agra plant in Isola this past summer, but UFCW spokesperson Bobby Moses said the union planned to file an objection with the National Labor Relations Board, charging the company with intimidation and with "violating the rights of the people to a free election."

Intimidation was also rampant during the Delta Pride campaign, according to workers there. Immediately after workers began passing out cards to authorize an election, Young said, "People started getting fired." The union drive started January 25; the first worker was fired January 28.

"They harassed us a whole lot. Foremen would come up and punch you in your back. They would do a little quick jab on you and say, 'You know you're on your way out the door, don't you?' They told me if I didn't like it I could leave any time I felt like it. The supervisors and the plant manager would outright tell you 'You can go back to the cotton field if you don't want to do what I say,'" Young added.

SHARE THE POWER

Delta Pride also flooded its employees with a barrage of propaganda depicting UFCW organizers as "outsiders" coming in to exploit the workers. A strike by meat packers at a Hormel plant in Minnesota was cited as an illustration of the union's power "to strike workers out" of a job. Also common were threats that Delta Pride would close after a union victory; and at a company-sponsored "party" the night before the election, workers were urged to follow this slogan: "Let's Keep the Party Going, Vote No!"

White business leaders spoke out against the union. The local paper, the *Enterprise-Tocsin*, editorialized: "The company owners and managers at Delta Catfish are sincere about their future plans to keep raising salaries and benefits of employees as the fast-growing catfish industry continues to prosper. This plant is only six years old, and whatever past inadequacies were caused by exploding growth are now being addressed and things look

bright for whoever is lucky to have a job out there."

Workers also report that the company invited Fayette mayor Charles Evers — brother of slain civil-rights leader Medgar Evers — to tour the plant before the vote, and that Evers tried to convince the employees that they didn't need a union.

Support for the catfish workers was strong in Indianola's black community, however. One important factor was the successful school boycott held in the

Standard cuts and forms of farm-raised catfish



Dressed catfish are headed, eviscerated and skinned



Fillets are the boned sides of the fish, cuts lengthwise away from the backbone.



Strips are smaller pieces of fish cut from fillets.

Farm-raised catfish are available fresh, packed on ice, or cryogenically frozen to preserve texture and flavor.

town earlier in 1986, when blacks forced the hiring of a black superintendent for the predominantly black school system.

Most of the catfish workers had supported the boycott. In turn, the community supported their struggle, despite the defection of Willie Spurlock, a key leader of the boycott. Workers attended rallies at churches and at the plant, and received encouragement from local merchants when they went shopping.

In addition, local members of the

United Steel Workers talked with catfish workers about how union representation had improved their situation. The NAACP also lent active support.

The Rev. Michael Freeman, pastor of the Raspberry Chapel United Methodist Church and a strong supporter of the union effort, says, "The community really supported the employees because now they see not only the professionals are united (referring to the school boycott) but also the labor base. . . . We have sent a message from the community that no matter what positions we have in life, we care for each other. I think this is significant."

These union elections are also sending a message that black people want a voice in determining the future of Mississippi's catfish industry — an industry whose future is by no means assured, despite the dazzling claims of its proponents. Last year catfish prices fell for the first time in a decade, from 73 cents to 63 cents a pound. At the same time, catfish consumption is growing at the lowest rate in 10 years.

The threat of overproduction — leading to devastation for many newcomers to catfish farming — has prompted the American Catfish Institute to launch a multimillion-dollar advertising campaign on the West Coast and in the Northeast, where currently only two percent of all catfish is consumed. And Mississippi State University has begun a \$2 million food science program aimed at finding new ways to prepare and market catfish.

The Delta Pride union election means more attention should also focus on improving working conditions inside the industry's plants. In the past, the catfish industry has meant opportunity for some, exploitation for others. Now, it is hoped, both sides will have to discuss common interests and goals.

"Never," says Rev. Freeman, "have blacks been able to come to whites here and say, 'Let me tell you what's good for me, and then let's sit down and talk and see what's good for each other.' The thing is, let's share the power and economics in the community. For too long, they have had it all." □

Mike Alexander is a freelance journalist and reporter for the *Jackson Advocate*.

The Low Down On High Tech

By Marc Miller

Forget family farms.

Ignore traditional industries

like textiles and furniture.

Have no fear.

High tech is here,

with good jobs for workers,

clean industry for communities,

and profits for all.

Texas is the latest big winner in the competition for this highly touted savior of sagging economies. Fifty-seven cities in 27 states bid to be the home of the Microelectronics and Computer Technology Corporation (MCC), a consortium of 13 major companies seeking to develop cutting-edge technologies to compete with the Japanese. MCC promised a projected employment of 400 people, an estimated annual budget of \$150 million, and the magnet that would attract other firms to the nation's next major high-technology center.

Former Arizona governor Bruce Babbitt said MCC chair Admiral Bobby Inman, ex-deputy head of the CIA,

toured the country "like an imperial court," seeking the sweetest deal possible from slack-jawed public officials. Writing in *Issues in Science and Technology*, Babbitt detailed the pieces of Austin, Texas' winning offer: "a multimillion dollar package, including thirty million dollars in faculty endowments at the University of Texas in Austin, thirty-seven million dollars in equipment and operating expenses, twenty acres of land at nominal rent in the Balcomes Research Park, twenty million dollars of office space, subsidized home mortgages for MCC employees, a petty cash fund of a half-million dollars for country club initiation fees and other services, and a Lear jet with two pilots available at all times."

Texas may have paid the biggest price for high tech, but it doesn't have the field to itself. According to *High Technology* magazine, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, and Virginia now have high-tech "development programs" — state-owned technology corporations that direct research and development activities. Georgia's Advanced Technology Development Corporation, for example, is an incubator for high-tech companies. Located at Georgia Tech, it

draws on the school's annual crop of 1,700 graduating engineers and \$50 million research and engineering budget that is exceeded only by MIT's and Johns Hopkins'.

Louisiana, North Carolina, Tennessee, and Texas offer matching grants to industries that will work with universities to develop new products. Florida, Georgia, South Carolina, and Texas also have non-funded advisory councils to make policy recommendations on how to attract high-tech industry. And as of 1983, 10 Southern states had spent \$691.2 million of public money on venture capital projects, led by Texas's \$473.4 million.

Each of these states wants to duplicate the perceived success stories of California's Silicon Valley and Massachusetts's "Technology Highway," Route 128. In Texas, they talk of Silicon Gulch; in Georgia, it's the Technology Crescent; in Alabama, it's Silicate Valley. Is it possible to doubt the worth of all these efforts? Congress says, "Yes." Its Office of Technology Assessment looked at high-tech development programs and, says study director Paul Phelps, "A lot of this stuff is good old-fashioned boosterism with high-tech colors." States have been engaging in these activities for years, he says, only now they apply "a little more money and a

lot more publicity.”

The Southern success stories are, in fact, few and far between. North Carolina's Research Triangle Park (RTP) boasts 47 companies on land now selling for over \$45,000 per acre, an unemployment rate consistently below four percent, and the highest concentration of Ph.D.'s in the nation. The Tennessee Technology Corridor Foundation, headquartered in Knoxville, says it has lured 97 companies to the area (although local residents say its claims are exaggerated). And Huntsville, Alabama's Cummins Research Park hosts over 40 companies and federal agencies, a total employment of over 12,000, and a direct line into NASA's Marshall Flight Center that stretches back more than two decades.

But the research park model is not infallible. The *Wall Street Journal* calls Virginia's Center for Innovative Technology (CIT) the state's "trump card in the high-technology sweepstakes," but says its start-up "has been shaky." A pet project of then-governor Charles Robb, CIT is located on a 35-acre site given free by two developers in exchange for favorable zoning on two adjacent parcels they owned; according to the *Journal*, it still suffers from a "fuzzy image." Meanwhile, the Engineering Research Center at the University of Arkansas in Fayetteville has zero tenants on its 23 acres four years after its opening, and the Northern Kentucky University Foundation, established in 1980, has one tenant on 75 acres.

Despite the hoopla, the South is still not recruiting its share of high-tech start-ups. According to University of Florida geographer Edward Malecki, between 1978 and 1983 only two Southern states, Texas and Virginia, exceeded the national average of new firms locating per capita (Chart 1).

The region also has far fewer than its share of bona fide high-tech workers (Chart 2), and contrary to industry hype, these jobs are not recession proof. The Bureau of Labor Statistics study of declining high-tech employment during the 1981-83 recession indicated that this industry of the future is far from immune to recessionary cycles. Indeed, according to the BLS, only the most skilled high-tech jobs categories outperformed the



photos by Linda Daniel

Chart 1
New High-Tech Firms Per One Million Residents, 1978-1983

TX	36.8
VA	29.7
U.S.	27.5
GA	26.4
FL	25.3
AL	14.7
NC	13.1
TN	11.8
LA	11.7
SC	8.7
KY	6.8
AR	4.8
MS	4.0
WV	1.5

Source: Edward Malecki; compiled from Dun and Bradstreet Corporation, *Dun's Market Identifiers Files, 1983*.

Chart 2
Employment in High Tech, 1983

	Number of workers	% of non-agri workforce
U.S.	2,578,700	2.9
TX	155,600	2.5
FL	107,700	2.8
NC	47,800	2.0
GA	29,500	1.3
VA	25,500	1.2
AL	25,000	1.9
TN	16,300	.9
SC	13,900	1.2
KY	9,600	.8
LA	9,500	.6
MS	6,200	.8
WV	1,100	.2
AR	N.A.	.9
South	447,700	

Source: Bureau of Labor Statistics data for employment in office computers, drugs, communications equipment, aircraft, guide missiles, and space vehicles.



rest of the manufacturing sector.

TWO-TIER HIGH TECH

Despite the image of highly-skilled, highly-educated employees, high technology actually promotes a two-tiered work force: the elite professionals and the production workers. Two out of three (65 percent) employees in high-tech firms work in low-paying production, clerical, and technical jobs. Instead of advancing up the income scale, the average semiconductor production worker receives an hourly wage that is only 57 percent of the rate paid his or her counterpart in the typical unionized steel or auto production plant.

In high tech and low, Southern development boards advertise their states' low wages as an attraction to production facilities — and they reap what they sow. Overall, the wages for high-tech work in every Southern state reflect this low standard.

A perfect example of how high tech furthers the development of a two-tier economy of the privileged and put-upon can be found in Huntsville, Alabama's largest employer, SCI Systems Inc. Begun by a group of engineers dissatisfied with NASA's retreat from satellite research, SCI (originally Space Craft Inc.) now does everything from design missile guidance systems to produce automated bank teller machines. It has 1,100 engineers and scientists and 3,300 production workers, and according to its former corporate counsel Harvey Harkness, the two have "no interaction, they're even in different buildings."

Harkness told Institute for Southern Studies researchers that engineers are recruited nationally, paid very well, and treated like "prima donnas." In sharp contrast, the production part of SCI is "just like a poultry plant," Harkness said. "You pay them as little as you can, give them a benefit package that's competitive in the community, and you hope" — hope they don't vote in a union.

SCI's split personality intensified in the late 1970s when it landed a contract to produce circuit boards for IBM's Personal Computer. For the past three years, IBM has furnished over half of SCI's \$400 million-plus revenues,

compared to 11 percent from government contracts. The workers who assemble the guts of the IBM Personal Computer in SCI's several factories differ little from those who made towels in the textile mills that were once Huntsville's industrial backbone.

"Virtually all the workers are women," wrote a reporter for the *Los Angeles Times*. "Rita Sellers, who has a high school education, no special training and used to pick peaches for a living, now works as a technician testing completed computer circuit boards. So does Ronnie Johnson, who earns \$3.75 an hour and used to load boxes in a chicken plant. Barbara Whittington, who earns \$3.65 an hour as a quality control inspector, came from a sewing plant."

According to plant manager J.R. Bell, "Most of our workers are off farms, chicken houses, processing plants, sewing factories, places like that. . . . You can train a worker in one hour. . . . They're doing real well within one week."

SCI's low wages depend on the fact that the company is non-union. In fact, if anything differentiates high technology from older industry, it is its lack of labor organizations. According to union activists Rand Wilson and Steve Early, "Only 90 of American Electronics Association's 1,900 member companies have union contracts." Writing in *Technology Review*, the two organizers said the AEA reported fewer than 100 union elections between 1971 and 1982 — of which unions won just 21.

If SCI is any guide, high-tech firms can be just as fiercely anti-union as a J.P. Stevens. The International Brotherhood of Electrical Workers (IBEW) tried organizing SCI in 1984-85 but had to stop because dozens of workers were losing their jobs. Even the conservative National Labor Relations Board (NLRB) was so outraged at SCI's behavior that it issued a complaint against the company. In September 1986, the NLRB sought a federal injunction to stop SCI from firing and discriminating against pro-union workers. There are also charges the company hired detectives to spy on union organizers and workers; and one IBEW organizer was successfully set up to accept a bribe from SCI's attorneys in front of a FBI

agent and photographer.

What would happen if SCI workers eventually voted in a union? According to former SCI counsel Harkness, IBM — itself a notoriously anti-union employer — would take its contracts away from the company. And even if IBM didn't pull out, SCI would probably shift production outside Alabama to its new factory in Graham, North Carolina, or to others recently opened in Scotland and Singapore. SCI chief Olin King told *Forbes*, "While I expect to remain union-free in the U.S., should there be a problem, I'd be

very comfortable having outside plants. You might say they are insurance."

SCI's dependence on IBM's goodwill is far from unique. It suggests the real lack of control workers and communities exert over this international industry. Within the United States, the problem is especially acute for the South. Says geographer Malecki, "Branch establishments overwhelmingly dominate the high-tech sectors of the South, and the small numbers of local firms are unable to alter the branch economy there."

MY TURN

Closer To Home



I was working with a boy in the Savannah River Plant's tritium producing area, and his urine showed that he had tritium, more than normal. So he had to stay there that night, mine was supposed to be okay. The next day he went home and he has to carry a box and bring all this urine back to be checked. This went on for a number of days and they say "you're all right." So he worked a while later and, well, after that he died. He was taken with a bleeding hemorrhage from the nose, and his wife called the ambulance, and he died on the way to the hospital. We have quite a few people of this nature. DuPont has acknowledged three cases [of polycythemia vera], and they say that is not unnormal. Two reporters from the *Atlanta Constitution* found 25 cases. . . you can't get the doctors to speak out. They won't tell you that you have polycythemia vera. They're all sewed up with the plant.

— George Couch, South Carolina

HEALTH HAZARDS

Even if high-tech jobs were secure and well-paid, the occupational health risks of this supposedly clean industry are well documented. Summing up years of studies, Wilson and Early conclude, "High-tech production procedures are chemically intensive and often quite dangerous." They note that "company health-and-safety records for 1980 through 1982 show that compared with other production workers, California semiconductor workers had three times the rate of occupational illness serious enough to cause lost time. Workers-compensation statistics for the same period show that semiconductor workers had twice the incidence of illness from exposure to toxic chemicals."

The health risks may be getting worse. Georgia Tech spokesperson Raymond Moore admitted to *Business Week* that "we may never be another Silicon Valley." But he went on to claim that Georgia may be home to a future "Gallium Arsenide Hill." He is referring to new production processes for computer chips in which gallium is replacing silicon. Both use arsenic. The difference, says occupational health specialist Dr. Joseph LaDou, is that "Three pounds of arsenic are used in a typical gallium-arsenide ingot, compared with the milligram quantities of arsenic in a silicon ingot." LaDou says firms are seeking safer ways to use gallium arsenide, but few are looking for alternatives.

According to LaDou, "Recent findings also show that the industry is contaminating the groundwater of nearby communities and polluting the air with photochemical smog." Susan Sherry, author of *High Tech and Toxics: A Guide for Local Communities*, cites examples in Austin, Texas and Manassas, Virginia, where toxic leaks threatened, although they did not contaminate, water supplies. The threat is highlighted by a discovery in 1982 that toxic materials leaking from underground chemical storage tanks had contaminated private drinking wells in Silicon Valley.

In other ways Silicon Valley has proven a harbinger of trouble as much as a model to emulate. The San Jose Unified School District, in the heart of Silicon Valley and home to many high-



High tech was hatched in Florida. On January 31, 1958, when a Jupiter rocket put Explorer I into orbit.

Almost three decades later, we're the leading high-tech state in the Southeast, in terms of employees and number of firms.

Florida is a national leader in the manufacturing of personal computers, telecommunications equipment and medical instruments.

Florida's work force is reliable, loyal and well trained.

Florida is committed to educational excellence.

Florida is pro-business. Our state and local governments want and welcome new businesses. And our corporate taxes allow businesses to be competitive. There is no unitary tax. And no personal income tax.

And the latest data says Florida is America's foremost trend-setting state. When you look at Florida today, you're seeing the state of the future.

So, when you consider expansion, bring your high-tech facility home to Florida. To the birthplace of high tech.

For more information, write to Lt. Governor Wayne Mixson, Secretary of Commerce, 510C Collins Building, Suite HT, Tallahassee, Florida 32301. Or, call (904) 488-5507.



The product may be high tech, but the come-on is still the same: Come pluck the feathers of a non-union work force.

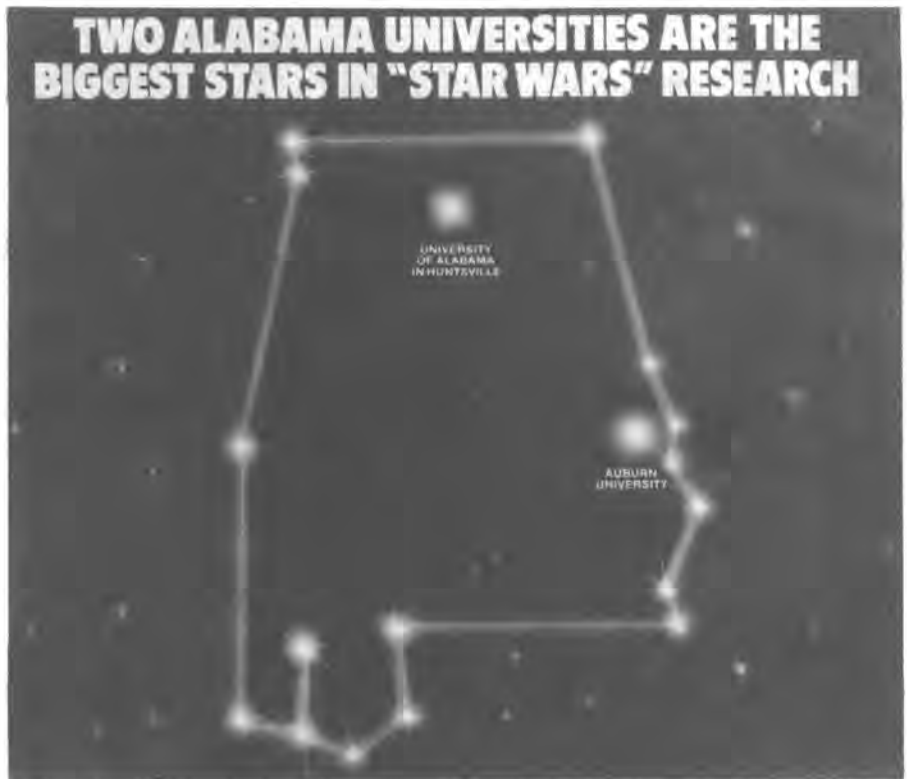
tech production workers, went bankrupt in 1984. Now comes super mimic, Texas: "Austin's boom has quickly stretched the region's facilities to their limits," reports *High Technology* magazine. "It has caused overcrowding at the small airport, raised housing prices, and strained city services." In the words of Josh Farley and Norman Glickman, two Austin economic analysts, "high-tech growth can create rapid increases in housing costs, traffic congestion, and urban sprawl. In turn, these events can threaten the quality of life — a key locational factor for additional R&D facilities."

Hewlett-Packard recently decided not to locate a plant in Austin, despite the presence of the MCC. "Because of the infrastructure problems, we have so far chosen not to go there. The roads, sewer systems, and airport all need to be upgraded. . . . The utilities still have to be brought in line with the growth rate," says James Law, manager of the company's corporate land development and planning.

Finally, there are the military ties. Regardless of the moral questions of linking employment to war-making, such links are notoriously unreliable. Aerospace firms are now riding high on Star Wars; Alabama enjoys second place behind California in Strategic Defense Initiative dollars. But those dollars might not last. California's current high-tech malaise is nothing compared to its mid-1970s depression when military spending declined. Employment in Huntsville plummeted by 11,000 between 1965 and 1973 following shifts in NASA's funding.

The military ties are prevalent in almost every high-tech center. "Florida's biggest industry," wrote Horance Davis in the Gainesville Sun, "is war-making." The *Texas Observer* documented the ties of the MCC and other Texas high-tech firms to the Defense Department. "Texas Instruments," wrote Nina Butts, "the premier high-tech firm in the state, also is the second largest defense contractor." As of 1984, 11 of 18 MCC cooperating companies were major weapons contractors.

Returning to MCC, we might ask, "How many eggs is the golden goose laying?" The answer is precious few so far. Austin Chamber of Commerce



"Star Wars' research grants totaling some \$28 million are now being funneled through two Alabama universities. Auburn University has been picked to lead four other universities in the development of a space-based power generating system, a crucial element in the 'Star Wars' concept. And the University of Alabama in Huntsville will direct eight other universities in the study of high-speed computerized techniques for sending signals via laser beams.

"The list of universities following

these two Alabama universities, combined with the work of the Marshall Space Flight Center in Huntsville, are earning Alabama an international reputation for its space research.

"Fact is, Alabama's universities have been attracting world-class researchers in diverse technologies. A recently-passed 'Eminent Scholars' act will provide state funds to recruit other renowned scholars and researchers to Alabama's college-level faculties. And the capabilities of Alabama researchers will be greatly enhanced

Yes, Governor, Alabama is the kind of state where I'd like to study tomorrow. I'd like to study tomorrow in Alabama.

Send me more information
 Call me.

Name _____
Title _____
Company _____
Address _____
City _____
State/Zip _____
Phone _____

Send in original and duplicate.

Behind the glamor of university research, bio-technology, and Star Wars lies the reality of a two-tier economy.

president Lee Cooke says what he thinks MCC has produced: "Hype, hype, hype. If we learn anything from Silicon Valley, we ought to learn how not to do what they did. It created tremendous toxic problems, tremendous traffic problems, tremendous cost-of-living problems. I don't think high tech will ever be our savior." One chamber of commerce economist told *Texas Monthly* that high-tech employment as a percentage of the region's jobs had actually dropped since MCC had come to town.

And how about Admiral Bobby Inman, "Mr. MCC"? Well, he resigned in 1986. He now plans to chair Westmark Systems, a new holding company for defense-related electronics firms. □

Marc Miller was a staff member of the Institute for Southern Studies and Southern Exposure for eight years. He is now a senior editor of Technology Review magazine.

THE INTEGRATED CIRCUIT

In May 1985, 50 representatives from high-tech centers across the country met in California to discuss problems the industry poses for workers and communities. They represented community, peace, and environmental groups; committees concerned with local occupation safety and health; independent research organizations; and labor-education programs. They discussed how high-tech firms affect a variety of issues, ranging from right-to-know legislation to pollution control, VDT-hazard protection to plant closings. Members of the groups — from Texas, California, North Carolina, Massachusetts, New Mexico, and New York — decided to cooperate under the name Integrated Circuit. Their goal is to link labor and community concerns about the social and economic impact of high technology. For further information, contact Integrated Circuit, P.O. Box 1342, Brookline, MA 02146, (617)666-4149.



Questions About Tourism

“Virginia is for lovers.” “Stay and see Georgia.” “Visit wild, wonderful West Virginia.”

Welcome to the latest episode in the Southern states’ scramble for dollars and jobs: tourism is the new name of the game. Many state development officials now court hotel and resort developers with the same ardor they accord manufacturers. Tourism already ranks among the top growth industries in several Southern states; it is a powerful economic force in many areas along the Atlantic and Gulf coasts, in the Appalachian mountains, and in urban resort centers like Orlando. The total dollars generated by travel and tourism ranks it among the top four business activities in a majority of Southern states.

A clean, safe industry, an influx of tourist and investment dollars, and a bonanza of jobs — these are the benefits promised local communities by supporters of tourism. But for people who have no business to own or capital to invest — that is, for most poor and working-class Southerners — the benefits of tourism are more mixed. Tourism involves more than the simple addition of a few new businesses and jobs to the economic mix of a local community. It involves an entire way of life, which tends to transform the existing patterns of land ownership, indigenous culture, political relationships, and economic base.

Some potential problem areas that individuals and community groups facing tourist growth should consider are:

LAND OWNERSHIP Tourism tends to send land values skyrocket-

ing, and property taxes follow accordingly. Unable to pay their taxes, rural people whose primary resource for generations has been their land can lose it in a matter of months. Especially along waterfronts, the sale of property can cut off a community’s access to traditional fishing (crabbing, etc.) areas, which represent important sources of food and income. Among the tactics community groups have used to combat these problems are development of low-interest loan funds (to assist individuals with tax payments), monitoring of land sales, promotion of leasing under specified terms rather than outright sale, land trusts (in which property is jointly owned), and community education about the economic and cultural value of land.

CULTURE People with a distinct cultural heritage, such as blacks who live on the coastal islands of South Carolina and Georgia, typically find

their ways of life eradicated by the growth of tourism. This occurs through erosion of the traditional economic base (for example, fishing and agriculture), changes in the class and racial mix of the community, and the deliberate creation of an ambience of leisure, ease, and entertainment. Promotional literature about these “island paradises” adds the final touch by depicting the communities as wealthy white playgrounds, and by rewriting their history to eliminate blacks, slavery, and other intrusions of reality. Community groups have combated these trends through educational projects, cultural festivals, museums, oral histories, and other activities designed to protect and celebrate their heritage.

JOBS There is little doubt that tourism tends to create a large pool of new jobs in a community; however, the quality of those jobs is another matter. Maid, cook, waitress, gardener, sales clerk — these are the occupations of a tourist economy. They are jobs at the bottom of the service sector, where pay is low and benefits are few. Due to the seasonal nature of tourism, these jobs may also be temporary, which reduces their annual pay even further. Challenging the quality of tourist-related jobs is a formidable task. Unionization, job training, and organized pressure on employers to hire from the local population for higher-level positions have all been tried, but to date the success rate has been low.

POLITICS Insofar as tourism transforms the economic base and social mix of a community, it also affects local politics. Developers and

**TOTAL DOLLARS SPENT
FOR ALL TRAVEL &
TOURISM 1984**

State	Billions
Alabama	\$ 1.62
Arkansas	1.82
Florida	17.65
Georgia	4.85
Kentucky	2.22
Louisiana	3.73
Mississippi	1.25
North Carolina	5.25
South Carolina	3.02
Tennessee	3.33
Texas	14.98
Virginia	4.42
West Virginia	1.27
Total South	\$ 65.40
Total U.S.	\$222.96

*Source: U.S. Data Center on
Travel & Tourism*



Who benefits from the development of resorts such as Seabrook Island, South Carolina pictured above?

businesses dependent on tourism become powerful political forces. In locations where retirement and second-home development has flourished, the make-up of the voting population can shift dramatically — with consequences for elections and political control. Conflicts have flared between business interests and community groups over the location of water and sewer projects, the role of local police, and the allocation of revenues from taxes. Lifelong residents and more recent arrivals, especially retirees, have struggled over the amount of funds allocated to public institutions like schools.

In areas where tourism has already taken over the economy, community groups have found it nearly impossible to rectify these problems. Their experiences offer a grim but important warning to those who live in areas where tourism is just beginning. Community organizations must be prepared to address these problems (or stop tourism altogether) if they seek economic development that truly benefits poor and working-class people. □

Barbara Ellen Smith is research director for the Southeast Women's Employment Coalition.

MY TURN

Closer To Home

Daufuskie's blacks are now being treated pretty much the same way as Hilton Head blacks were treated. We have given up on trying to protect the shrimp and the crab because we have become the new endangered species. We are just one example of many throughout the world. Developers just come in and roll over whoever is there, move them out or roll over them and change their culture, change their way of life, destroy the environment, and therefore the culture has to be changed.

— Emory Campbell
South Carolina

STATE DEVELOPMENT TOOLS

What they could be...

Southern state officials need to broaden their working definition of economic development. Over time, the term economic development has become virtually synonymous with industrial recruitment. Today, however, economic trends are decreasing the value of recruitment — especially for rural communities. At the same time, promising alternative strategies for economic development are not being widely utilized.

The South must reduce its emphasis on the hunt for outside industry and begin to plant the seeds for local business development. Most states in New England, for instance, have implemented programs to support local development organizations and spur entrepreneurship. Minnesota and California have also had innovative development programs, while Oklahoma has taken the lead in actively seeking out high school dropouts and providing remedial education as a basis for economic development.

If Southern states are to make an impact in combatting the decline of their rural communities, they must follow

this lead and diversify their efforts in economic development in these ways: by establishing a supportive environment for alternative development activities; by providing direct assistance and support for local development efforts in rural areas; and by reexamining other state policies and programs which affect the rural economy.

A POSITIVE CLIMATE

Perhaps the greatest barrier to the use of alternative economic development strategies is the perception of local leaders that such strategies cannot have a significant impact on their communities. Therefore, the most crucial role for state governments in the coming years will be to broaden these attitudes and create a climate which is favorable to alternative development.

The states should educate civic leaders, local government officials, and the general public about the opportunities for locally based development strategies. In addition, states could

- emphasize and coordinate the many scattered programs currently promoting alternative development strategies, such as minority business assistance, small business development, etc.;
- help develop local leadership and local organizations which might sponsor alternative development activities;
- offer awards to state employees and to local developers who are successful in implementing alternative development strategies.

Southern states should also develop broader indicators for success in economic development — indicators which go beyond the number of jobs created by new plant locations and lost by plant closings. Additional measures could include the rate of new business

formation; median per capita income; growth in the number of self-employed; levels of educational attainment and adult illiteracy; investment in local infrastructure development; and value of new loans to local enterprises.

DIRECT ASSISTANCE

While leadership and general support can go a long way toward encouraging alternative economic development activities, the states can also play a valuable role by providing direct assistance for rural economic development. These programs are most needed in three key areas:

- Governors and legislators should promote state programs to encourage entrepreneurship and small business development with at least the same vigor that they promote industrial recruitment. For instance, state universities and technical colleges could become centers of small business development, providing market research, technical assistance, and leadership training to local entrepreneurs, especially in areas with a high minority population. States could also finance or facilitate the formation of revolving loan funds to provide seed money for promising rural business activities.
- States should offer regional councils of government, local development organizations, and other economic planning agencies technical and financial assistance in order to promote alternative development activities like those described above.
- Each state should establish a comprehensive program for responding to imminent plant closings. For instance, states should strengthen programs to coordinate federal funds for displaced workers, to develop an informal system of early warning for possible plant closings, and to provide

technical assistance to employees or outside investors who might buy out the owners and keep the plants in operation. They should also utilize public employment services, postsecondary training institutions, and local development organizations to assist displaced workers not only in searching for jobs but also in starting their own businesses, becoming self-employed, or finding employment in nearby cities.

RELATED PROGRAMS

States must recognize that programs and policies outside the traditional realm of economic development can also be of great value or detriment to rural areas. Most important are those which concern education, transportation, and agriculture.

In an era when educational attainment levels are becoming ever more crucial to development potential, Southern states must begin to view education not only as a public service but also as an investment in economic development. For instance,

- adult illiteracy should be attacked as a matter of economic urgency. Illiterate adults should be reached and trained — to improve their job potential, to break the cycle of illiteracy, and to enhance the area's long-term growth potential.
- dropouts should be vigorously recruited in rural communities and trained by alternative high schools or technical colleges to improve basic competencies, communication skills, job readiness, and entrepreneurial awareness.
- secondary vocational education, designed for the manufacturing economy, should be restructured to emphasize thinking and problem solving, basic math and literacy, and basic entrepreneurial skills which might

enable rural residents to respond flexibly to market opportunities.

States must recognize the importance of adequate transportation to the economic development prospects of rural areas. This includes allocating funds for maintenance and repair of rural roads and bridges, for highways to depressed rural areas, and for innovative methods to provide public transportation services to rural areas, such as using school buses for other public needs.

States should promote programs and policies to minimize the effect of the current crisis in agriculture on Southern farmers. Specifically, states could broaden the mandate of the agricultural extension service to ease the transition of most-at-risk farmers to employment in the larger economy and to assist local development organizations with technical advice and market research. States should also seek a regional consensus on federal agriculture policy. Southern agriculture is currently at the mercy of federal policy decisions and the national economy. A regional position should be hammered out by Southern governors on trade, economic policy, and federal farm programs.

These recommendations represent the types of changes and initiatives which might prove beneficial to states in combatting the ominous trends facing their rural areas. More important than any specific recommendation, however, is a new philosophy and way of thinking. Southern policymakers must recognize the gravity of the problems facing the rural economy, and they must respond by broadening their approach to economic development. □

This set of recommendations is drawn from "Shadows in the Sunbelt," one of several reports on the rural economy and alternative development strategies prepared by MDC, P.O. Box 2226, Chapel Hill, NC 27514.

But what they are now

To persuade new business to come in and to dissuade the old ones from leaving, development agencies use a variety of tools. An overview of these tools is described by Tom Schlesinger and George Ogle in a Southern Neighborhoods Network pamphlet, "A Look Into Our Community's Economy."

FINANCING

Development agencies may serve as the grantee for a myriad of federal programs. Some agencies may also be tied to public or quasi-public funds that make loans to new and expanding industry. Recently a number of states have established special venture capital funds to bankroll high technology ventures. And nearly all local development agencies issue tax-free industrial revenue bonds to finance the start-up of new industries.

TAXES

Many areas offer property and state tax abatements and exemptions as part of their incentive package. These can include the creation of Foreign Trade Zones; exemptions on business inven-

CHART 1: Financial Assistance For Industry

	State Sponsored Industrial Development Authority	Privately Sponsored Development Credit Corporation	State Authority or Agency Revenue Bond Financing	State Authority or Agency General Obligation Bond Financing	City and/or County Revenue Bond Financing	City and/or County General Obligation Bond Financing	State Loans for Building Construction	State Loans for Equipment, Machinery	City and/or County Loans for Building Construction	City and/or County Loans for Equipment, Machinery	State Loan Guarantees for Building Construction	State Loan Guarantees for Equipment, Machinery	City and/or County Loan Guarantees for Building Construction	City and/or County Loan Guarantees for Equipment, Machinery	State Financing Aid for Existing Plant Expansion	State Matching Funds for City and/or County Industrial Financing Programs	State Incentives for Establishing Industrial Plants in Areas of High Unemployment	City and/or County Incentives for Establishing Industrial Plants in Areas of High Unemployment
Alabama	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Alaska	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Arizona	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Arkansas	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
California	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Colorado	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Connecticut	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Delaware	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Florida	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Georgia	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Hawaii	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Idaho	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Illinois	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Indiana	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•

CHART 2: Tax Incentives For Industry

	Corporate Income Tax Exemption	Personal Income Tax Exemption	Excise Tax Exemption	Tax Exemption or Moratorium on Lanes, Capital Improvements	Tax Exemption or Moratorium on Equipment, Machinery	Inventory Tax Exemption on Goods in Transit (Prepost)	Tax Exemption on Manufacturers Inventories	Sales Use Tax Exemption on New Equipment	Tax Exemption on Raw Materials Used in Manufacturing	Tax Incentives for Creation of Jobs	Tax Incentives for Industrial Investment	Tax Credits for Use of Specified State Products	Tax Stabilization Agreements for Specified Industries	Tax Exemption to Encourage Research and Development	Accelerated Depreciation of Industrial Equipment
Alabama	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Alaska	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Arizona	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Arkansas	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
California	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Colorado	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Connecticut	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Delaware	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Florida	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Georgia	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Hawaii	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Idaho	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Illinois	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Indiana	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•

CHART 3: Special Services For Industrial Development

	State Financed Speculative Building	City and/or County Financed Speculative Building	State Provides Free Land for Industry	Cities and/or Counties Provide Free Land for Industry	State Owned Industrial Park Sites	City and/or County Owned Industrial Park Sites	State Funds for City and/or County Development-Related Public Works Projects	State Funds for City and/or County Master Plans	State Funds for City and/or County Recreational Projects	State Funds for Private Recreational Projects	State Programs to Promote Research and Development	State Program to Increase Export of Products	University R&D Facilities Available to Industry	State and/or University Conduct Feasibility Studies to Attract or Assist New Industry	State Supported Training of "Hard-Core" Unemployed	State Incentive to Industry to Train "Hard-Core" Unemployed	State Help in Bidding on Federal Procurement Contract	State Science and/or Technology Advisory Council
Alabama	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Alaska	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Arizona	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Arkansas	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
California	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Colorado	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Connecticut	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Delaware	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Florida	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Georgia	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Hawaii	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Idaho	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Illinois	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Indiana	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•

Charts from the October 1986 issue of Industrial Development and Site Selection

Handbook, published by Conway Data, Inc., 40 Technology Park, Atlanta, GA 30092.

tory, "goods in transit," pollution control equipment, industrial fuels, and raw materials; and tax credits for job creation or capital investments.

EDUCATION & TRAINING

Nearly all areas offer customized job training to industrial recruits. Typically the development agency assumes the entire cost of preparing a work force for the company if its employees are used during the training process. Though these programs are publicly financed, they rarely guarantee that trainees will actually be hired; the company gets to choose.

WEAK LABOR LAWS

In the South, many local and state policymakers have long considered "right to work" laws, low wages, weak worker compensation laws, and the absence of unions their strongest card in industrial recruiting. Some development agencies play an active role in stymying unionization of existing businesses and in training plant managers how to minimize worker compensation expenses or avoid suits for racial or sexual discrimination.

REGULATION

Development agencies frequently promise to waive environmental, land-use, or building code standards for industrial recruits or to expedite the process of permit gathering with "one-step" mechanisms. They also offer monitoring services, such as for air quality, to save industrial prospects the costs of doing their own monitoring.

INFRASTRUCTURE, PHYSICAL PLANT, AND PROCESS SUBSIDIES

In addition to industrial revenue bond financing, development agencies offer a variety of other subsidies that aid a company's purchase or use of land, buildings, equipment, transportation facilities (roads, rail lines, waterways, air fields), energy and waste treatment, and waste dump sites. In many cases, state governments have encouraged communities to make these types of investments — particularly road and plant construction — on a speculative basis in order to attract industry. □

Greasing GM's Wheels

By Carter Garber, Verna Fausey, and Paul Elwood



photo by Carter Garber

NO SMILE: County Budget Director A.C. Howell with first in-lieu-of-tax payment from GM.

Watching television on July 30, 1985, Spring Hill Mayor George Jones first learned that General Motors would build the world's most expensive manufacturing plant in his middle Tennessee community, population 1,275. By that point, GM's Saturn plant had been the object of a seven-month industrial recruiting contest involving 1,000 sites in 36 states, a parade of governors bearing gifts, and impassioned pleas from chambers of commerce, local citizens, and school children.

Saturn didn't choose Minnesota, which offered tax concessions and other prizes worth \$1.3 billion, or Kentucky, which legislated a \$306 million educational aid package after word leaked out that GM considered the state's school system inadequate. Instead, it selected a sleepy town 30 miles south of Nashville. At the time, Spring Hill didn't even have a full-time police officer, fire fighter, or physi-

cian. The announcement, said Mayor Jones, was like something "falling from the sky."

THE DEAL

General Motors planned the \$3.5 billion Saturn plant as its main bulwark against the Japanese car invasion. With significant assistance from the UAW, GM created the Saturn Corporation as a separate subsidiary to produce up to half a million subcompacts a year with about one-third the workers needed at similar GM facilities. Limited production is expected to begin in late 1989. When the plant reaches full capacity (some years later), GM claims that it will provide 6,000 direct jobs and 12,000 to 14,000 additional jobs among suppliers, service firms, groceries, eating places, and the like.

In choosing middle Tennessee, GM joined a South-bound migration of

automakers that included a Nissan plant at Smyrna, Tennessee (just 30 miles from Spring Hill) and Kentucky's planned Toyota facility. Spring Hill lies within 500 miles of three-fourths of the U.S. domestic market. The area has a railroad, interstates, and the capacity to produce four million gallons of water daily.

Governor Lamar Alexander, who had already made Tennessee the U.S. leader in Japanese industrial investment, touted the state's "pro-business climate and its hardworking labor force" to GM. The state ranks 41st in manufacturing wages and 50th in per capita government expenditures, and it boasts a tax structure tailored for big business: a one-percent investment tax credit and no sales tax on industrial machinery, a tax exemption on finished goods, a low worker's compensation insurance rate, a low corporate income tax, no personal income tax, and a reliance on the sales tax for state revenues.

In a less than candid statement, Alexander boasted, "New York offered \$1.2 billion. We didn't offer a penny." In fact, then-governor Alexander promised Saturn \$50 million worth of roads, including a new I-65 exit and a connecting five-mile "Saturn

Parkway" (much like that built for Nissan). Saturn will benefit from a proposed \$135 million expressway loop south of Nashville. Spring Hill is getting a bypass, two stop lights, state-paid planners and engineers. Tennessee pays for water quality and regional impact studies. Saturn will receive and control \$20 million worth of job training, with no requirement that Tennesseans be trained. And in 1986 the state legislature put caps on the realty transfer tax and mortgage fees that will cost the state a one-time payment of about \$2.5 million and local government \$75,000 each year.

Tennessee Revenue Commissioner Don Jackson predicts the state will get back \$10 in tax revenues for every dollar spent on support facilities for Saturn, but Tennessee's experience with the Nissan plant in Smyrna has not borne out such optimism: the payback has been slow in coming.

COUNTY COSTS

Maury County, where Spring Hill is located, already has one of the lowest property taxes in the area. But Saturn hammered county officials into accepting an unprecedented 40-year in-lieu-of-tax agreement. The county

industrial board will hold title to the site while Saturn pays \$7.5 million to the county in 1986, about \$3 million annually for the next 10 years, and then 25 to 40 percent of the standard property tax rate for the next 30 years. Autowatcher Ralph Nader estimates this tax break will cost Maury County almost \$57 million in the first decade. Other critics put the loss as high as \$100 million by 1995.

"More and more it looks like GM came to this rural area of Tennessee looking for a colony to exploit instead of a community to respect," said Nader.

"Let's be honest," said Spring Hill Mayor Jones in 1985. "We're the ones who are going to be dealing with the traffic and having our roads and our land and our homes torn apart. Nobody seems to be interested in Spring Hill."

Mayor Jones had to threaten to oppose needed zoning changes to force Saturn and the county to negotiate how much revenue the town would receive from their in-lieu-of-taxes agreement. With no commitment forthcoming, the city began the procedure to annex the Saturn site. GM then threatened to leave the county, but Mayor Jones didn't budge. Ultimately, the city



THE FUTURE AT SATURN: General Motors' architects used computers to show a "three-dimensional vision" of how the new plant's design was "preserving as much as possible the natural beauty and values of the area."



agreed not to annex the plant, and county officials committed \$250,000 annually to Spring Hill. Jones vows he will resume the annexation plan if the county fails to pay.

While the mayor is proud of his negotiations, he feels those between county and state officials and Saturn "were very poorly handled." He draws this analogy from his experience as a building contractor: "A lot of people underbid just to get a job. But when you've got to pay \$1.25 to get a \$1 job, you're taking one step backwards and it's not good business.

"It will be the people on fixed income who will suffer," says Mayor Jones. Martha Torrence, a leader of the Spring Hill Concerned Citizens Group, agrees: "We who are trying to continue here might have to move out of the area because of taxes." Two months after GM's announcement, land values had risen from \$1,000 to \$2,000 per acre to \$5,000 to \$10,000 per acre, with some acreage selling as high as \$35,000.

Randy Lockridge, who farms 1,000 acres, declares that Saturn — named for the Roman god of agriculture — "will ruin farming in Spring Hill and have a negative effect in all of Maury County."

WHOSE JOBS?

The consolation for Spring Hill's sacrifice of its traditional way of life was the promise of thousands of well-paid jobs. In September 1985, the Concerned Citizens Group began pressing GM to reserve at least 80 percent of the 6,000 Saturn jobs for area residents. But in November the group received a copy of a secret labor agreement between GM and the United Auto Workers. It revealed that "a majority of the full initial complement of operating and skilled technicians in Saturn will come from GM-UAW units throughout the United States."

In exchange for a guarantee of most of the plant's jobs, the UAW agreed to accept a wage structure below industry standards and to relax work rules, seniority rights, grievance procedures, and other provisions contained in its national contracts with GM. It's not hard to understand why the UAW signed the deal. There are some 54,000 UAW members laid off across the country, not to mention the 41,000 GM says it will lay off. Still, the unprecedented agreement has provoked a firestorm of criticism that the UAW gave up too much.

None of that matters to local of-

ficials who clearly expected jobs in return for generous tax breaks. Local employment will still increase dramatically, particularly in the service sector that accommodates the needs of the plant's work force; but the higher paying industrial jobs at Saturn seem destined for out-of-state UAW members.

One final irony: In late 1986, GM announced that the Saturn plant would be scaled back and provide about 3,000 jobs rather than 6,000.

THE BOTTOM LINE

Saturn embodies all the contradictions tied up in Southern-style industrial recruitment. Localities always hope that new plants will bring a fatter tax base, better jobs for area residents, significant community improvements, and an era of progress for the region. To secure these benefits, state and local governments take enormous financial risks and subsidize every step of a company's start-up — they build the roads, provide social and physical services, do the planning and growth management, subsidize the utilities, provide job training, waive the taxes, own the factory and land, and sometimes pay the initial wages.

In the end, the host community winds up with all the problems that have traditionally plagued the South: wages below the industry standard, tax rates so low that they harken back to the days of company towns, and a community and work force made perpetually concession-prone by the barrage of threats from their corporate "benefactor."

Lost in this vicious cycle is the key to responsible development: the same entities *using the same resources* could support locally generated forms of economic development which will hire local people, complement the ways of life of current residents, and build a stable local tax base and economy. As long as state officials persist in seeking the Saturns, this latter option will continue to get short shrift. □

Carter Garber, Verna Fausey and Paul Elwood of Southern Neighborhoods Network wrote a longer version of this article for Southern Changes (December 1986) which is available with other materials on industrial recruiting for \$5 from SNN, P.O. Box 121133, Nashville, TN 37212.



By Glenda Conway

EXIT OFF THE POVERTY PARKWAY

photos courtesy of SWEC



Quick: Can you name an industry that paves its way through every county of the United States, creates employment for some 700,000 workers, and has by Congressional decree a concrete guarantee for a long and prosperous road ahead?

If you named the highway construction industry, you're right. Each year Congress appropriates billions of dollars to 50 state

departments of transportation, the District of Columbia, and Puerto Rico in support of road building and maintenance. This money, raised in large part by the 1983 Gas Tax Amendment, reaches even the most economically depressed areas, providing welcome job opportunities

from both the private and public sectors. However, despite the equal employment opportunity standards that come along with any federal money, the highway construction industry has historically offered very few opportunities to women.

In 1979 the Southeast Women's

Employment Coalition (SWEC), based in Lexington, Kentucky, began investigating the hiring practices of private highway contractors and state departments of transportation. Realizing that the highway industry had a permanence that mining and manufacturing industries could never claim, SWEC Executive Director Leslie Lilly saw road work as an excellent alternative

to the "pink collar ghettos" where women were traditionally underemployed and underpaid.

Across the nation, there are 1,634 miles of unfinished interstates, and 3,351 miles of secondary roads needing minor improvements. In addition, up to 80 percent of our primary

road systems will need replacement within the next ten years.

Wages in the highway industry vary from area to area, but even the lowest starting salaries are usually double the minimum wage. Hourly rates for skilled workers, who often train on the job, move quickly into double digits, and overtime during summer months can make for some hefty paychecks. With its affirmative action and equal employment standards in place, highway construction looked like a perfect target industry for women trying to break the cycle of poverty in their lives.

BLATANT DISCRIMINATION

SWEC's first step was to investigate the highway industry and the regulations governing it. By law, government agencies and private contractors receiving federal highway money must take affirmative action measures to hire women until they make up at least 6.9 percent of the employees in *each* job category. State highway departments are accountable to the Federal Highway Administration (FHWA) for this goal, and private contractors receiving \$50,000 or more of federal money through state contracts are accountable to the state's compliance office and ultimately to the FHWA.

Through Freedom of Information requests, the coalition obtained copies of state and private contractor reports documenting a pattern of blatant nationwide discrimination against women. Most of the equal opportunity reports filed with the FHWA listed only the total number of women workers, rather than a total for women in each job category. This meant that clerical employees "counted" toward satisfying the overall affirmative action goals. Even so, in 1980, the year of SWEC's initial research, women made up only 4.1 percent of the country's total private transportation work force. SWEC publicized these findings in a national press conference and also announced the filing of administrative complaints against the U.S. Department of Transportation and the U.S. Department of Labor's Office of Federal Contract Compliance Programs for failure to enforce their own anti-discrimination regulations.

For several years, federal officials

hedged on responding to the complaints, presumably hoping that SWEC would quit or disappear, along the pattern of many other advocacy organizations in the age of Reagan. Instead, SWEC has grown stronger, and since 1982 it has received a number of major grants earmarked for its efforts to improve women's access to highway construction jobs. Through this funding, SWEC has been able to create the Women's Opportunity in Road Construction (WORC) Project, and for the past three years a full-time staff has coordinated its advocacy and organizing efforts.

Under continuous pressure from the WORC Project and tradeswomen across the nation, federal officials finally began responding to SWEC's complaints and agreed to conduct investigations in a number of specifically targeted states. The results are already showing up, both on the statistical reports and on actual job



Susan Jones: "The job was a lot easier and the men a lot friendlier."

sites. And although the highway industry has by no means become a major employer of women, some of the old roadblocks have been removed.

For instance, women comprised 20 percent of apprentices and 23 percent of on-the-job trainees on private construction job sites in 1984, while in 1972 only one percent of on-the-job trainees were women, and there was

not even one woman apprentice in the entire nation. Despite this dramatic turnaround, women are still grossly underrepresented in most highway construction job classifications — except for clerical positions.

In 1984, women made up only three percent of truck drivers and carpenters, two percent of equipment operators, eight percent of unskilled laborers, five percent of semiskilled laborers, and one percent of supervisors and foremen. Says WORC Project Director Wendy Johnson, "It is obvious that men continue to be the primary beneficiaries of the training opportunities that lead to better paying positions." Overall, fewer than four percent of highway jobs in the skilled trades were held by women in 1984, and only an appalling one-fourth of one percent were held by minority women.

When interviewed, state transportation officials and private contractors

alike moan, "We'd hire 'em if we could find 'em. But there's just not any women interested in this kind of work."

Once, when challenged to back up its claim that women were indeed interested in nontraditional work, SWEC placed a classified advertisement in the local newspaper. Dozens of women responded within days, say-

How to Get Your Foot Onto the Asphalt

Through its research and interviews with tradeswomen, Southeast Women's Employment Coalition (SWEC) has developed some practical guidelines for women seeking their first highway construction jobs.

If you want steady year-round work with regular hours, you might consider applying for a position with your state's department of transportation or its division office in or near your county. It may be listed under "transportation," "highways," or "roads and highways" in the state government section of your telephone directory. Call and find out what job openings exist and how to apply. Ask specifically about apprenticeship and on-the-job training opportunities, since many of these positions are set aside for women.

If you are told that no positions are available, wait a few weeks and call again, reiterating your interest. Employers like to hire the applicant who seems truly interested.

To land a highway construction job with a private contractor, you generally have to do a lot more legwork. These jobs do not usually show up in the classified ads. They are filled through the "good ol' boy" network, with job sites populated by cousins, sons, in-laws, and poker buddies. Watch your newspaper instead for announcements of highway contract awards; companies receiving large awards are likely to need more employees and may be required to hire a specific number of women.

Call your department of transportation and ask to speak to a contract compliance officer. Find out if any companies are seeking women applicants to satisfy conciliatory agreements.

If you have any friends or relatives working for highway construction companies, ask them to let you know when openings occur. Employers still prefer hiring through the "good ol' boy" network, even when the person hired is a "good ol' girl."

Many construction jobs, especially on large projects, are union jobs. Contact the union local for the craft you're interested in and find out how to join. Be aware, however, that unions fill jobs based on seniority, and it may be hard for a newcomer to "break in."

Talk to workers on job sites, asking about other construction work in the area. Drivers of trucks, taxis, and "chuck wagons" are also good sources of information about construction jobs.

When you go the job site, go early in the morning and be dressed for work. Take a hard hat (purchased at an industrial supply outlet) and your lunch since the foreman may hire you on the spot. Wear jeans or overalls, boots, and work shirts. Pin up long hair. Do not wear dangling earrings or bracelets; besides being inappropriate, jewelry can be hazardous around equipment.

Whenever possible, two or three women should go job hunting together. It is important to document what you are told when seeking jobs in order to support a possible discrimination complaint. If you are told the company is not hiring, ask when it will be hiring. If you are told to sign up at the union hall, be sure to do so and request that the contractor call the hall and ask for you. Ask about other locations at which the contractor may have work.

If you are told to come back on Monday, go back. Very few people are hired the first time. Even if you were not told to return, do so anyway to demonstrate your interest and determination. In addition, you can find out if new apprentices or employees have been hired since your last visit. If they have, ask why you weren't hired.

ing, "Yes! I'd love to do this kind of work. Where do I apply?" Some said they "never knew women were allowed" to do highway construction. Most were employed in dead-end, low-paying jobs such as waitress, nurse's aide, factory worker, or secretary. They all saw highway work as offering them potential to develop valuable skills and earn a living wage. SWEC set up several informational meetings with the women who came out of the proverbial woodwork to respond to the advertisement. Referrals were made and a number of women began their job searches with confidence and an understanding of equal opportunity law.

One of the primary goals of the WORC Project has been the identification and organization of support groups for current and aspiring tradeswomen. WORC offers technical assistance to women and groups all over the country, educating them on equal employment regulations and encouraging creation of local strategies. As an organization, SWEC has always had a commitment to the development of grassroots leadership, and the WORC Project has been a key vehicle for achieving that goal.

BITTERSWEET TESTIMONY

With the opportunity to come in contact with so many women in or interested in the trades, the WORC Project is collecting narratives of their experiences, good and bad, on and off the job. Johnson and WORC National Organizer Suzanne Feliciano encourages any interested women to contact them to share "evidence."

One piece of telling information generally attained during interviews with women who have been hired into construction jobs is that they know they were hired because the company "needed" them. "My brother said they wanted to hire a woman," says one laborer of the company that hired her. "I'd heard they needed a black woman," says a truck driver of two years. "So I went down and talked to the foreman and he hired me."

This is bittersweet news to WORC staff — good in that it is proof the rules are being enforced, bad since it implies contractors are only hiring women because they *have* to, not



Closer To Home



The federal government must increase the minimum wage for all workers in the United States. Today the head of a family of three persons earning the federal minimum wage and working full-time lives \$1,300 below the threshold of poverty. The current minimum wage is a sub-minimum wage. A fair change could remove as many as four and one-half million people from poverty and would require no additional administrative costs to the government. This is a vital anti-poverty measure that could do more than any other single, simple act to reduce poverty.

— Steve Suitts, Georgia

because they believe women can do the job.

Susan Jones of Sharpsburg, Kentucky has been working as a carpenter trainee for two years. Her company is involved in a conciliatory agreement that requires it to hire one woman for every five male employees. Once employed by a nursing home, Jones "decided I could use more money" and applied for her current position on advice of her boyfriend, also a construction worker. And is she making more money? "Oh, yes!" exclaims Jones, a single mother of two children.

Jones's experience on the job site has generally been positive. Although her first day was "scary," she quickly found the "job was a lot easier and the men were a lot friendlier" than she had expected. She eventually had problems with one co-worker, who resented her presence and called her a "black whore" in anger one day. Jones, who considers herself thick-skinned, was at first so deeply wounded by the remark that she felt she couldn't go back to work. Instead she took her grievance to the company's Equal Employment Opportunity

(EEO) officer, who told the offending employee that his language had no place on the job and that *his* job depended on it changing. Jones had no problems again.

Her testimony is a good indication that the system can do what it's supposed to do, but WORC Project investigation shows that discrimination — both on the basis of race and sex — is still rampant in the industry.

In the comfortable embrace of Reagan's second term, U.S. Department of Transportation officials have once again begun ignoring SWEC's demands for action. Results of the promised investigations have never materialized. Says Johnson candidly, "We haven't heard anything from those jokers since December (of 1985). It's obvious that women's issues rank low on their list of priorities." Despite this slight, the WORC Project will continue to keep the Transportation Department high on *its* list. It plans to focus attention on the department's recalcitrance during congressional hearings in February, and it is considering additional legal and public education strategies to pressure state and federal agencies to live up to the law.

Meanwhile, the project has prepared a manual for women and groups seeking to break into construction. The manual, titled "Job Development in Highway Construction: A Road Map for Women and Advocates," offers detailed information and practical guidance on the structure of the federal-aid highway program as well as tips on the hiring process, particularly as it applies to women.

Some of the roadblocks are coming down, but a lot more must be removed before women truly have an equal opportunity to all the jobs in the highway construction industry. Next time you find yourself approaching the familiar orange sign warning you of "Men at Work" ahead, just take a deep breath, cross your fingers, scrutinize the crew closely, and thank the WORC Project if it isn't true. □

Glenda Conway, a former staffmember of SWEC, is a freelance writer and college English instructor in Kentucky. The manual, "Job Development in Highway Construction: A Road Map for Women and Advocates," is available from SWEC at 382 Longview Drive, Lexington, Kentucky 40503.

Own Your Own Job

By
Jim
Overton

"We view about 50 percent of what we do as laboratory work," says Thad Day Moore. "What we've been able to do is identify what will work — and what won't work — in creating democratically controlled economic development."

The laboratory Moore and his cohorts have created is the Center for Community Self-Help, and it performs regular experiments on how to nurture worker-owned enterprises across North Carolina. Begun in Durham in 1980, the center now offers technical and financial assistance to 15 to 20 worker-controlled businesses and seeks new opportunities to expand this network. The center doesn't aim to produce new jobs *per se*; instead, it develops and tests innovative models and financing structures for worker-owned firms that can be duplicated elsewhere.

Whether it's a garment factory in a predominantly black county or a health-food restaurant in North Carolina's mountains, each worker-owned business is built around several key elements. First, its governance

structure reflects the principle of one-worker, one-vote. Second, the profits of the business, after reserves, are divided among the workers based on the effort they contribute to the business, measured by hours worked, skill, seniority, and the like. And third, employee owners must have the opportunity both to learn and teach management skills.

Co-founder Martin Eakes traces the center's interest in promoting economic democracy to a desire to "move the civil-rights movement's struggle for dignity and democratic participation into the workplace." But its activities also have roots in previous worker-ownership efforts in the United States. The first major worker-ownership movement began during the formation of craft unions in the 1860s and 1870s; these early organizers sought more direct control over the conditions of their work. The second major effort occurred during the Great Depression, but most of these businesses were crushed by the falling economy.

COMBATTING PLANT CLOSURES

The center started by confronting conditions very similar to those faced by its predecessors in the 1930s. In the national recession of 1981-83, North Carolina experienced more plant closings than any other state. The center's staff offered legal and managerial skills to a number of rural communities desperately seeking to hold onto jobs in failing businesses. Though they had some early successes, the center's staff ran head-long into a harsh economic reality: Most of the plants were closing because they were no longer viable businesses.

"Dealing with plant closings was a dead loser," reflects co-founder Bonnie Wright. "The level of resources it takes to reopen a shutdown plant was beyond what we could bring to the projects. Fifty percent of plants close because there's no market for their product, and worker-ownership won't solve that problem. Thirty to 40 percent can't be revived because their customers have been diverted to other suppliers, the workers have dispersed, and the managers have left."

“That leaves only a 10 to 20 percent chance of success, and you just can’t sustain the level of resources needed to keep up the work.”

With an expanding staff, the center refocused its efforts on businesses that were still prosperous but ripe for conversion to worker ownership. The first set included small firms begun immediately after World War II that are owned by a single individual who has no clearly established successor. Thomasville’s Ragan-Thornton mills is a good example. Founded in 1918, this 150-worker hosiery mill had been run successfully since 1978 by Betty Ragan, who assumed control after her husband died. When she realized that neither of her children was interested in taking over the business, Ragan began looking for a buyer, and the center convinced her to let the workers purchase the mill. The buyout was completed in September 1986, and so far the new firm has been quite successful.

The second target group of firms includes those industrial plants likely to close soon but whose business has not eroded so dramatically that they are beyond salvation. Uncovering information about such plants is not easy; like most Southern states, North Carolina has no requirement that firms announce a pending shutdown. Therefore, the center must rely on word-of-mouth indications that plants are conversion targets.

Such an opportunity presented itself in 1984, when White Furniture — a 100-year-old furniture company based in Hillsborough, North Carolina — went on the block. The center quickly developed a worker-ownership plan that gained support from workers and some stockholders. Unfortunately, the company decided to sell to an investor (who proceeded to dismantle the operation), primarily because the center had a hard time securing capital to support the conversion.

A STATEWIDE DEVELOPMENT BANK

Even before the frustration with White Furniture, the center realized that it would always be hard to attain capital for projects in black and/or rural communities which traditional



photo by Alma Blount

Carpenters from Space Builders, a worker-owned construction company.

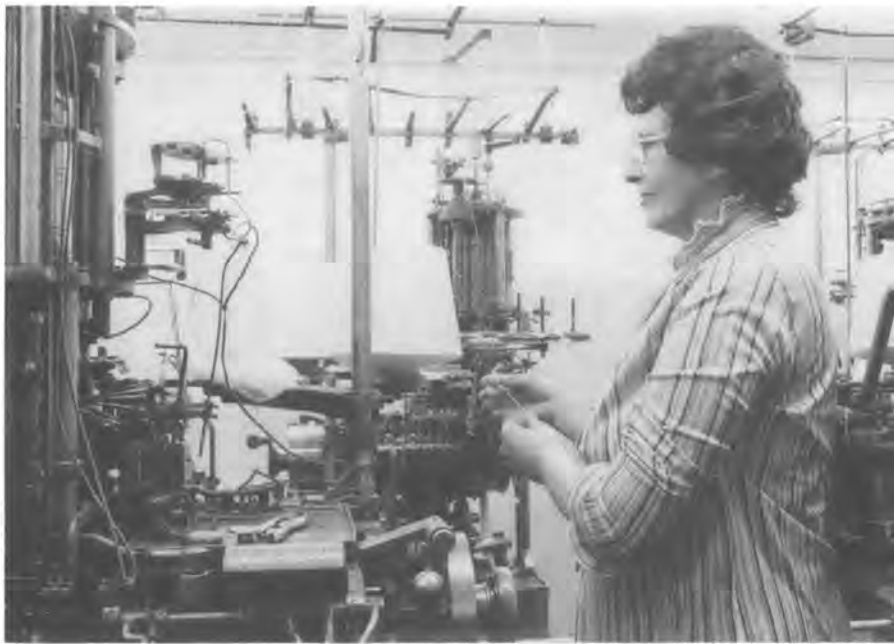
lenders viewed as high-risk ventures. So in 1983 it launched its own capital investment resource, the Self-Help Credit Union. Begun with \$17 raised from the sale of cakes baked by the New Bern Bakery (one of the worker-owned businesses the center had supported), the credit union has grown in three years to deposits of \$5 million — an impressive level of capital for a venture devoted solely to supporting worker-owned businesses and housing for low- and moderate-income people.

The credit union functions like thousands of others across the country. Individuals and organizations — including many church groups — deposit their money and receive competitive interest rates on their accounts. Some investors agree to accept substantially lower interest rates so that the credit union can loan out money at below-market rates.

“Lots of people thought we were crazy when we proposed the credit union,” says Wright, who

Members of worker-managed businesses share ideas at an annual conference.





Job satisfaction is a key part of the Alamance Workers' Owned Knitting Co.

manages the credit union. "But it has become a major success. It's really the first statewide development bank.

"It has the potential to be a self-sustaining mechanism for linking capital from socially responsible sources to impoverished communities. It can be started with very little upfront capital, unlike a bank. It has also drawn people from all different classes into common goals and common dialogue, and there aren't many projects that can do that in a real, concrete way."

In addition to the credit union, the center began the Ventures Fund in 1983 to provide seed or equity capital vital to growing and emerging businesses. With \$750,000 in capital, the Ventures Fund can make equity investments that might prove too risky for either the credit union or regular commercial banks. The newest offshoot, the Englewood Investment Corporation (EIC), is a wholly owned, for-profit subsidiary of the Ventures Fund. EIC enlists the support of investment bankers, business brokers,

The \$5 million credit union helps people with modest incomes buy homes.



insurance company officials, and the like in efforts to develop a few larger and more visible worker-owned companies; the conversion of White Furniture would have provided a model of the kind of development EIC hopes to create.

With a capital pool of \$1 million, EIC can provide both venture funding and investment-banking services for larger-scale firms converting to worker ownership. Any profits gained from EIC's activities will provide operating money for other parts of the center.

As the credit union grew larger, the center decided to enter another avenue of community development — housing. "Housing and jobs are two of the most fundamental human needs," says Moore, "In some very oppressed communities, it's the only place you can start to create economic development. Housing also provides a starting place to do the kind of self-help development of management skills needed for communities to develop from within."

In addition to addressing the basic need for low- and moderate-income housing, this field of loans offers the credit union a healthy rate of interest and a source of more secure income compared to the more risky loans it makes to worker-owned businesses. Finally, the home lending program makes the credit union more attractive to a wider variety of depositors, which ultimately translates into an increased ability to make loans to businesses.

"If I were starting over in another place, I would start with the credit union, not with the center," says Eakes. "The credit union can appeal to a very large audience of churches, individuals and others who are not being asked to donate all their money. They can do well while doing good."

HOW FAR CAN WORKER OWNERSHIP GO?

Despite its rapid growth, the center and the credit union have still only assisted a small number of businesses and housing projects in North Carolina. "What we are doing now is trying to develop some models, to learn what will work and will not work," says Eakes. "We're creating democratic free enterprise. We're trying to translate what this country has

adopted for its political reality for 200 years, and transfer some of the same principles and motivations into the economic arena.

"For significant impact to take place, the established, pervasive institutions of Southern societies will have to pick up the themes: the churches, the unions, the banks, local governments. If established institutions do not pick up the themes and help expand those models, then our work will have just been an experiment. The churches in particular have the greatest potential, because they are the group that specifically calls on

people's idealism, across class lines, to create social justice.

"I used to say it would take 50 years. Maybe I would say now, after five years, that it's going to take 75. It's not a 10-year process. It's basically long-term structural change, the same kind of change the Northeast saw when the textile mills moved to North Carolina, a structural impact on the economy that took 50 years to work itself out."

From the center's experience, it's unrealistic to expect a worker-owned business, from day one, to develop internally the management skills it needs to succeed. The management

training and marketing process for most worker-owned business takes five or six years.

"Too many people oversimplify the problem as being one of capital," says Bill Bynum, who provides training and technical assistance to several center-affiliated businesses. "What we found is that it's only one of two barriers, and probably the lesser of the two. Management skill is really the major barrier. That means we have to draw resources across class lines and find people with management skills who can provide teaching and role models for the worker-owned business while workers develop their own management capabilities in-house," says Bynum.

One critical element in converting Ragan-Thornton Mills to worker-ownership, he says, was securing the services of George Gilbertson, a former senior executive at Burlington Industries, as plant manager. Gilbertson has brought the necessary skills to keep the business moving forward while the workforce learns more about worker management.

North Carolina is now among the leading states in worker-owned businesses. The center has good reason to believe that its work can be duplicated elsewhere. There are three or four efforts afoot in the country to start variations on the Self-Help Credit Union; five or six existing credit unions are thinking of expanding into worker-ownership and housing lending; and representatives of several foreign countries have visited the center to exchange experiences and pick up lessons for their efforts abroad.

"This is a much more supportive time to start technical assistance and credit union efforts for worker-owned businesses than it was five or six years ago," concludes Wright. "When we first began, people said this was just communism, and they didn't want to try it. Now there are lots of people talking about democratic enterprises."□

Jim Overton, a board director and former staff member of the Institute for Southern Studies, is publisher of the North Carolina Independent.

MY TURN

Closer To Home



People are hurting all over. We've lost almost half of our union membership (United Furniture Workers of America) in the last five years! There's a log plant in Texas that's on the verge of closing with lots of health and safety problems. How can we go in there and tell them to ventilate the mill room when they're getting ready to close down? The biggest industrial health problem in America today is unemployment.

— *Jamie Cohen, Tennessee*

Relevant Education



Education has become one of the biggest buzzwords in discussions about economic development. Blue-ribbon commissions, policymakers, and private groups ranging from the U.S. Chamber of Commerce to the National Education Association have proclaimed the intimate link between better jobs and better schools. Everyone agrees the South's education systems need drastic reform, and changes are taking place in some states. But the base for genuine reform is much narrower than the volume of rhetoric about quality education would suggest.

In the past few years, state legislators have *authorized* hundreds of millions of dollars for new programs, but too often their main concern has been making their states appear more attractive for business. Once the fanfare about a bold new education plan in Mississippi or South Carolina or Kentucky has died down, and the issue becomes where to find the money to pay the bill, educational standards are again compromised. All across the region, the financial commitment for major reforms is slipping.

Even beyond the issue of money, questions must be asked about the focus of these reforms: Who are the new programs designed for, and what is their purpose? Should scarce dollars go for extra math and science classes or for programs to reach high-school dropouts? Is the purpose merely to "upgrade our labor force," or should adult students and children also be taught about worker rights and citizen participation? Will quality education be available in rural and poor communities, or only to select portions of

the population? Are reforms increasing or decreasing the gap in a two-tier educational system that reinforces our society's polarization by race, sex, and class?

As in the broader struggle for

economic democracy, while many advocates continue to press for systemic policy changes, others are creating the examples of what government and private agencies can do now. The following profiles present two

alternative approaches to adult education. Both are very small programs, but they illuminate the potential of focusing on the basic issue behind education: empowerment.

1. LITERACY AT WORK

By Robert Shreeffer and Wendy Luttrell

*We real smart
We go to school
We work hard
We'll get far
We learn to read
We want to achieve
We learn to write
We learn it right
We shout out loud
We are proud*

— NCSU Physical Plant
ABE Class Poem

Traditional approaches to teaching adult literacy usually focus on phonics, word endings, spellings, and other technical skills. When a student “knows” enough, some content can be introduced. This approach implicitly assumes that the reward for learning language skills is entrance into a world of adult content that is new to the student. Traditional literacy programs further assume that adult learners lack analytical skills; consequently, the reading materials mimic those used by children.

The traditional view of adult learners also distorts effective teaching methods. Many literacy groups use only volunteer teachers and assign one student to one tutor. The skills-teaching approach leaves students feeling that they come with little to contribute, that they come to learn what the teacher knows and they do not. For many disenfranchised adults, the educational process mirrors a world divided into haves and have-nots.

A different type of program has evolved at North Carolina State

WE REAL COOL LESSON PLAN

“Dream Variations: An ABE Language and Culture Workbook” includes poems, songs, and exercises like this set based on a poem by Gwendolyn Brooks. The complete lesson includes other questions and instructors for the teacher.

We Real Cool

We real cool. We
Left school. We
Lurk late. We
Strike straight. We
Sing sin. We
Thin gin. We
Jazz June. We
Die soon.

— Gwendolyn Brooks

Learning Activities

Recall Questions: What did they leave? How do they strike? What do they thin? When do they die?

Vocabulary: Write the definition of the following: lurk; jazz; cool

Word Families: How many other words can you list for the following word families? OOL (cool, school); IN (sin, gin); ATE (late).

Creative Writing: Individually or together, write a poem that begins: We real _____

I MISSED A LOT OF SCHOOL

When I was six years old
I started school in Zebulon, N.C.
I had four sisters and four brothers.
I had to take care of them.
I gave them baths, fed them
and watched out for their safety
while my mother worked on the farm.
I also had to do farm work
So I didn't go much to school
Then some days I didn't have any shoes to wear
That caused me to be out of school, too.

—Nettie Bostic
(ABE class)

I went to school in Selma, N.C.
I liked to go to school because
I learned a lot.
I missed a lot of school days.
I could only go on rainy days.
Money was scarce at the time.
My father died when we were small.
My mother did all she could for us.
We lived with my mother's sister for awhile.
I worked on her farm.

—James Hall
(ABE class)

*From a NCSU writing exercise used by other students to
practice reading*

University. The Physical Plant Adult Basic Education (ABE) Program is a workplace literacy program started about 12 years ago to meet some of the educational needs of university employees and to provide on-campus field experience for students in adult education. Until recently, the program aimed to help the neediest employees with limited literacy training, such as how to write checks and read menus or utility bills.

In the past three years, the focus has shifted to create an atmosphere where the employees' life experiences are the center of the curriculum. The instructors see the program as a place to help service workers counteract a history of

failures, perceived inadequacies, and powerlessness.

The 25 or so students are an important, yet almost invisible part of the university. As housekeepers, landscapers, painters, and maintenance workers, they keep the university going. They remember their own school experiences in a poor light. Because of financial difficulties, school segregation patterns, family responsibilities, or teacher techniques and attitudes, these students have limited confidence in their ability to cope with learning.

"I used to wouldn't try to read," says Jimmie Dunston, a painter. "I could read a few words, just a few. I just depended on someone else. But now I

see something, now I try to figure it out. (The program has) done a great deal for my confidence. With my kids, too, they love it. They like me helping them. In the past, in order to see the color of the paint, I had to memorize how the letters looked and hope I was right. Now I just walk right up, look at the bucket and read the name of the color of the paint."

The program presently offers a GED class which prepares learners for high-school equivalency exams, a "pre-GED" class for those reading roughly between the fourth- and seventh-grade levels, and the adult basic education class for workers on a zero to third-grade reading level.

photos by Barbara Rodbell



"When I first started, I thought that I would be ashamed to get up and read, but since I've been coming, I don't want to stop. I want to come everyday. It might help my little girl since she started school. You know, things that she comes home with that she doesn't understand, I can explain it to her."

— Lucille Hunter



"Now I have more confidence. I didn't like to write; now I love to write. I've learned about black history, things I didn't know, about the underground railroad. The others in the class give me confidence."
 — Lucy Ballentine

Olivia Meekins and
 Lucy Ballentine

In each case, the goal is to offer education as a vehicle for job advancement while providing meaningful educational opportunities that speak to adult issues. The social dynamic of the classes is critical. Learners meet in groups, rather than one-to-one, because people best learn language development from and in cooperation with each other.

The group setting maximizes the sense that literacy is one of several related skills that include discussion, relating experiences, making comparisons, and analysis. The setting also allows the responses of the students — on tape and in writing — to be used in creating curriculum

materials that reflect their concerns and that validate education as relevant to their lives.

The program developed a manual — "Making Sense: A Resource Guide for a Collaborative Learning-to-Read Process" — which uses interviews with adult basic education (ABE) students across North Carolina as reading material for other ABE students. The collection features the students' own comments on the learning process, as well as language exercises and study questions developed by the program's instructors.

In addition to the emphasis on personal experience, the Physical Plant ABE Program recognizes the

significance of using materials that place the adult learners' lives in a broader historical and cultural context. Rather than ignore the experiences of working-class men and women, materials are chosen that give the students a richer sense of pride in the accomplishments of black people and a sense of how people succeed both individually and collectively (which has immediate application in the classroom).

The program is now publishing a new manual, "Dream Variations: An ABE Language and Culture Workbook," which features the poetry of Langston Hughes, Margaret Walker, Nikki Giovanni, and Marie Evans, in



"I was self-conscious of myself. I didn't feel like I really fit in with people that really could read and write. Now I feel like I can cope with it."

— Grace Perry

Robert Shreeffer, Barbara Thorp,
 and Katie Scott

addition to songs by Leadbelly, Billie Holiday, and Bernice Reagon Johnson. The literature and songs were chosen to elicit students' own experiences and observations, while sharpening analytical skills. The box on this page

illustrates how a poem by Gwendolyn Brooks can become the center of several language skills activities. □

Robert Shreefster is the teacher/coordinator of the North Carolina State University Physical Plant ABE Program. Wendy Luttrell,

who held that position before Shreefster, now teaches sociology at NCSU. The two curriculum resources are available from the program at P.O. Box 7801, Raleigh, NC 27695. "Making Sense" costs \$7 and "Dream Variations" costs \$10.

2. SHARING LIFE'S GLORIES

Richard Couto, Pat Sharkey, Paul Elwood, and Laura Green

Mountain Women's Exchange, serving a 50-mile area straddling the Kentucky-Tennessee border near Jellico, seeks to make higher education accessible, affordable, and relevant for low-income adults. One third of Jellico's people live below poverty level. Nearly two-thirds of the adults in Campbell County had not completed high school in 1980. Unemployment in the rural areas of the surrounding counties — all depressed by massive layoffs of miners in the late 1950s — runs from 25 to above 50 percent.

Women from six nonprofit community organizations formed Mountain Women's Exchange in 1978 as essentially a resource center for existing projects (ranging from a daycare program to a land trust) and as an in-

cubator for new ones. Since its start, the organization has marketed crafts from Crazy Quilt and other groups, trained food-stamp advocates, sponsored a construction training program for women, initiated a county-wide Citizens for Better Schools, and launched an ambitious herb growing and herbal products marketing business.

In 1982, the mostly low-income women active in the Exchange decided they wanted to make inexpensive, college-level education available to people in their remote area. Instead of seeking vocational training, they wanted a program that would give them skills to develop their community, analyze business opportunities, and provide personal fulfillment. While mainstream education typically prepares students to leave home communities for more promising settings, Mountain Women's Exchange set out to create a program that satisfied the needs of students who have chosen to

remain in their rural communities.

"We know what industry is available, and we don't want to be educated to fit into that vocation," Barbara Greene told Sue Thrasher of Highlander Center. "The challenge is for us to do some community development. All we want is the education that is relevant to our community and that will enable us to be able to take charge in terms of giving input into what industry is there. We don't want to turn it over to someone else; we're not buying this vocational bit anymore."

To get things started, the Exchange formed a 10-member advisory committee of area residents to do three things: determine the interest of low-income residents in a college education; meet with potential cooperating colleges to negotiate an academic sponsorship contract; and work out details of organization, financing, and membership for a 1983 start-up.

In two weeks of word-of-mouth advertising, 150 people signed

photo by John Bookser-Feister



"There's really no jobs now, but we're hoping with courses we devise that's going to be an initiative for folks to create their own jobs. It makes me more optimistic as far as what people are capable of doing."

— Phyllis Miller

Barbara Greene, Anne Hablas, and Phyllis Miller

statements of interest in taking college courses. Finding an academic institution that would provide instruction and credit for courses taught in Jellico was not as easy. After talking with five institutions, the Exchange obtained an initial six-month contract with Roane State Community College of Harri-man, Tennessee.

Funding also proved difficult. "We discovered a basic inequity in the Tennessee system of subsidizing higher education," wrote Exchange leaders in a proposal to the U.S. Department of Education. "Students from counties such as Anderson, Roane, and Knox, which were nearest to the community college and which have excellent educational attainment levels and low unemployment levels, made up the bulk of the enrollment at the community college — 76%. Over 100 miles away in the rural, mountainous areas of Campbell County, where educational attainment was the lowest and people were the poorest, we were told that providing off-campus courses would have to be done at our own expense since state subsidies were used up."

Despite the lack of government money to support operating expenses for a branch of Roane State in Jellico, the women began recruiting students, faculty, and scholarship money. They developed a brochure and approached potential funders. National church and private funders supplemented the student's federal Pell grants and state tuition grants. Between those sources the new school, housed in the Jellico High School, developed a fairly stable, if limited, economic base.

In fulfillment of their last goal, the advisory committee incorporated the Rural Communities Educational Cooperative (RCEC) in the spring of 1983 and conducted a membership drive. The cooperative form of organization furthered the goal of linking education to community development by encouraging the development of local leadership, membership accountability, and decision-making among a broad base of participants.

In the spring of 1983, RCEC was underway. Math and English courses were offered, and students voted for board members to run the cooperative. They selected five of their own members to manage and set policy for

What I Want To Learn In College

Students in the Rural Communities Educational Cooperative gave these answers most often to the question, "As a result of attending college, I wish to learn..."

- How to make decisions
- How to listen
- Broader knowledge of business
- Human/child development
- Discover my potential for development
- How to become more vocal
- How to maintain personal relationships
- How to develop a business plan
- How to be assertive and not lose my job
- How to articulate my point of view
- How to do research

RCEC, and approved the formation of an advisory board to assist in curriculum development. One student was hired to handle registration and bookkeeping, and others participate in the school's day-to-day operations. Anne Hablas, the education director of the Exchange staff, coordinates the program. A portion of her salary came from the Washington-based Association for Community-Based Education. After six months, RCEC negotiated a new one-year contract with Roane State Community College.

By the spring of 1984, eight teachers had conducted 16 different courses in three quarters for 25, 42, and 36 students. In 1985, RCEC switched affiliations and negotiated a one-year contract with Carson-Newman College, a private liberal arts institution 50 miles from Jellico. The change offers students a greater number and variety of courses and a chance to obtain a four-year degree (Roane State offered only a two-year associates degree).

By 1986, 85 students — 77 women — were enrolled in RCEC classes. Their ages range fairly evenly from 19 to 45. Eighty percent received some kind of financial assistance to attend courses. The largest group of students is pursuing a business-oriented curriculum, while others are training for education, medical, and social service careers, or a more general education.

Many younger students plan to transfer to the Carson Newman campus later for full-time study.

In 1984, RCEC received a U.S. Department of Education grant to develop and disseminate a curriculum on rural leadership and community development. In preparing the curriculum, RCEC attempted to balance the needs of the students, the needs of their communities for skilled leadership, and the curriculum requirements of the sponsoring institution.

The organizers first identified the skills and competencies which are essential to rural living and rural leadership development. Through a lengthy series of group meetings, interviews, and survey questionnaires, students answered the question, "What do you wish to learn while you're in college that will help you achieve your goals for yourself and your community?" The most frequent responses (see box) illustrate their maturity and commitment to personal and community development.

The next step was to design a series of accredited courses to help students achieve those goals. Some courses listed in the Carson-Newman catalog, like Communication and Community Development, were modified for RCEC. Others were added, such as a political science course on developing a "power analysis" of a local community; an environmental science class in which students learned about ecology in part by developing a nature trail and guide for the nearby Rock Castle Alternative Energy Demonstration Center; and a sociology class which compiled a directory of community services available in the area.

Through this combination of courses, RCEC has developed an effective curriculum that enhances the student's self-confidence, ability to speak out, decision-making skills, knowledge of their communities, and leadership capacities. The program is a model for others who recognize that educated leaders are the key to successful community-based development. □

Richard Couto, Pat Sharkey, Paul Elwood, and Laura Green — all affiliated at the time with the Center for Health Services at Vanderbilt University — conducted an extensive evaluation of RCEC for the U.S. Department of Education in 1986. This article is adapted from that report.

DREAMING



Sophia Bracy Harris, Carolyn Caver and Martha Hawkins

A G A I N

By Carolyn Caver

One black woman is having trouble naming her business; another walks past 10 other black women to get a black man's opinion; musing aloud, another says women just don't have the stamina to stand up under the pressure of business; another wants to get ahead but continues to hire staff who don't perform. These women are linked by two invisible yet powerful threads. Each woman is committed to the social and economic development of black Americans, including themselves. And each faces powerful barriers that block her success.

External barriers from a male-dominated power structure conspire to

keep black women in subservient and secondary positions in our society. Currently women earn 64 cents for every dollar a man earns. On the economic and social totem pole, the black woman's "place" is below that of the white man, the white woman, and the black man. Latest statistics show the median income of white men to be \$15,401; \$6,421 for the white woman; \$8,967 for the black man and \$5,543 for the black woman.

In addition to being detrimental materially, external oppression in the form of social disapproval, low expectations, and little encouragement has damaged black women emotionally,

psychologically, and spiritually. After having her leadership doubted for hundreds of years, is it a wonder that the black woman harbors doubts about herself? In effect, black women see themselves through the eyes of whites and black men: inferior, powerless, less smart, and less capable, especially in business.

We have internalized these negative messages. They have become negative "scripts" guiding our self-defeating actions as blacks and as women. They have become internal barriers, complementing the external barriers that created them. The external barriers are real, and we do not make light of

them; however, the Black Women's Leadership and Economic Development (BWLED) Project believes that internal barriers, the ones in our own heads, are the real killers.

The goal of the project is to identify and break down internal and external barriers that stop black women from operating successful economic development ventures and taking responsibility for our own welfare and that of the black community. The project provides an avenue for black women to love and support each other and, at the same time, challenge each other to dream, to envision what we want, and then to get it.

The following example illustrates the great need for the BWLED Project. A black woman in south Alabama created a catering business. Happy and excited, she got her business off to a good start. The community received her and her product well. With the market tested and the prognosis good, she soon had more callers than she could handle alone. She asked her husband, who had not been supportive of the venture, to keep her business books. He said he would, but he didn't appear to have any real energy or interest. Her business seemed like heaven, an avenue out of her dead-end agency job to independence — but within a matter of days it slowed to a trickle. She began to feel torn between her responsibilities as a wife, mother, and new entrepreneur. Her initiative to find business declined. When asked about it, she only says, "My family was not very supportive and I was being pulled in too many different directions." Today the business amounts to another unfulfilled dream.

Although she had more than adequate start-up money and community support, this woman had a hard time continuing successfully without her husband's support. She did not have a vision of herself succeeding and was surprised when people responded so positively. She had problems seeing herself as a good mother and businesswoman at the same time.

The above woman is "scripted" both racially and sexually to feel inferior, powerless, not quite good enough, unable to "know" her own personal power. She would find support and identification for her struggle from other women in the BWLED Project.

And she would be given feedback as she attempted to understand how internal barriers robbed her of her dreams, energy, and initiative.

According to Sophia Bracy Harris, the executive director of FOCAL (Federation of Child Care Centers of Alabama), "Women all over the country affirm that internal barriers are

*"I am now
scared and
excited all at
the same
time, and it
feels
wonderful."*

— Martha Hawkins

real and they find the objectives of the project exciting." Based in Montgomery, FOCAL provides technical assistance, training, and advocacy for a network of about 90 child-care centers; it is particularly active in training low-income black women to take leadership roles in their communities. Sophia got the initial BWLED Project off the ground in April 1984, after she attended a workshop sponsored by the National Black Women's Health Network.

In working to break down the feelings of inferiority and to help women see themselves as peers with others and each other, the project adopted FOCAL's guiding set of concepts and principles:

- Vision: seeing and defining what we want;
- Responsibility: taking leadership and responsibility for our own lives and the realization of our human potential;
- Proactive thinking, behavior, and planning: getting away from the powerless position of reacting, peti-

tioning, rebelling, and protesting in order to get the powerful to fix things, provide for us, accept us;

- Risking: choosing to experience fuller measures of our true reality;
- Moral and ethical behavior: choosing a morality that is consistent with our vision and dreams of a world overflowing with unity, justice, love, and progress.

The project's main energy centers on having women declare a vision (what it is they want). Often women can readily name the external barriers holding them back, but when we are asked to say what our visions for ourselves and the world are, most of us struggle. Black women are so accustomed to thinking about why we can't succeed that when it comes to saying what it is we want (if no barriers exist), nothing comes. Black women stop dreaming. This project will see black women dream again.

Through sharing their concerns, fears, feelings of inadequacy, visions — their "pieces" — project participants deal with some of the most common conflicts faced by black women who aspire to economic success and independence: being seen as insensitive to the historical oppression and struggle of black people, as someone who leaves behind the black man and her family, and as an aggressive manipulator who can no longer be a loving, nurturing caretaker.

The project allows a woman to resolve her vision of her leadership with the love of her family and others by throwing off all contaminated feelings of resentment, shame, doubt, hatred, and fear of herself and others. Feeling okay about herself, she feels good about others. We also need to realize our vision within the context of our own values and wholistic vision as black women. We may decide, for example, that crying is a healthy way to deal with intense emotions in our businesses. Eventually, a congruent picture of a loving, nurturing, in-charge black woman will emerge.

In shaping their visions, project participants are encouraged to risk creating something that may look different from the traditional. Sophia Harris says, "Let's create our own definition of economic development." Her dream is to see us get away from the let's-go-out-and-get-rich-fast

scheme to something that has more of a community ownership to it.

One core project member, Martha Hawkins of Montgomery, recently shaped and launched a vision: Martha's Home Cooking, a catering service. Martha says the BWLED Project had everything to do with her getting the nerve to try catering. She explains, "The experience motivated me to take a look at my life. The other women had been educated, and I felt inadequate with them. Finding strength and support from the group, I went back to school and got my GED, started taking courses in sociology at Troy State University, and tried my hand at catering three days a week."

Martha says she was terrified at first; she was concerned about what people would say if her business failed. She eventually said, "I'm gonna give it all I got, full-time." Today, five months later, she is amazed that she is paying four other people to work for her. Martha's Home Cooking primarily caters lunches for industrial sites. With business booming, she says, "I am now scared and excited all at the same time, and it feels wonder-

ful." Martha is currently looking for a building that will take on the name Martha's Place, a homey, warm, loving restaurant. Her vision is quite clear and at this point, the question is not will she have a restaurant but how soon.

Many of the women in the project look at internal barriers that block economic success; they start where they hurt the most. One core member, Debra Walker, decided that she didn't need to stay in an unhealthy relationship. Redefining "security," she decided that she was of value outside of anybody and anything. Debra then accepted the fact that she was ultimately responsible for herself. "It didn't make any difference what anyone thought or felt because if I didn't intuitively feel okay, then it wouldn't be okay for me," she says. This trust in her own sense of what is good comes when a woman decides that she is valuable and so is what she feels, thinks, intuitively.

Starting where they hurt the most, with energy and commitment to personal growth, women experience "spill-over" everywhere. It is hard for

women to grow, feeling themselves as peers in personal relationships, and then continue to feel inferior on a job or vice-versa. After leaving her unhealthy relationship, Debra left a secure job at Miles College, joined with two associates, and formed Human Resource Services, Inc., as principal training consultant.

The BWLED Project has not only brought us happiness, joy, and excitement. All of us have also experienced pain and fear at different points. For example, having launched her business, Debra says she still fears not making enough money to support herself and her child, is scared that folks will not accept the services of her business since it is black, and is not able yet to deal with her relatives' and friends' fears that her business will fail. Other participants say their growth has been difficult at times but their levels of gain have been in direct correlation to the levels of risk.

The project is no panacea, however. There is no need for any woman ever to think she has it all, that she is no longer racially and/or sexually scripted, that she has mastered the guiding concepts and principles. In writing this article, I was having trouble focusing on what I wanted to say. A colleague asked: "What is your vision?" I asked, "Vision?" He said, "Yes, you were going to develop an outline, right?" I laughed at myself loudly: "Vision...I was thinking outline like in English Composition 101." I had not decided what I wanted in this article, what I wanted it to do, how I wanted people to feel when they read it. The encounter was sad, enlightening, and funny at the same time, because I understood how important vision is to anything and anybody, yet I had missed it.

These jewels of revelation happen all the time in the project, and they will continue to happen as we black women — sometimes in pain, oftentimes in fear, other times with excitement — visualize our lives, our families, our communities, and the world as we want them and then chart our courses, knowing we will get what we envision. □

Carolyn Caver became the coordinator of the Black Women's Leadership and Economic Development Project in October 1986, and wrote this article as an orientation to her new responsibilities.

MY TURN

Closer To Home

Our city spent \$100,000 to tell us what we already knew — what was wrong with our neighborhoods. They assigned people who didn't know any more than we did, so we asked for \$200,000 to use for our own people. We said: "We're here because we don't know, so why do we need you if you don't know?" Then we got skills training for neighborhood leaders, and now people are thinking of putting up grocery stores and housing co-ops

instead of vest-pocket parks.

If we fail, so what? Nobody else has been able to do anything for our neighborhoods. All those expert people were there saying what was needed for us, and none of their programs worked. I say let the people do it; let us show what we can do. And if we fail in our neighborhood, it will be no worse than what other people have failed to do for our neighborhoods.

— Sarah Price, Alabama

HOME-GROWN AGRICULTURE

"...a Merrill Lynch 'Confidential Private Placement Brochure' distributed to selected Merrill Lynch investors proposes raising the money to acquire prime land at currently depressed prices, grow high-value crops, add processing facilities and sign supply contracts with food companies. The organizers say they hope to get a 20-25% return to investors annually. . . .

"It contends that most farmers have neither the finances nor the experience to switch from producing grain and soybeans to vegetables and other high-value crops and that farmers can't realize economies of scale through integrated farming. And most farms, adds Merrill Lynch, are neither large enough nor sufficiently capitalized to get supply contracts with major food companies."

*Food & Fiber Letter
June 9, 1986*

This is Merrill Lynch's version of how American agriculture should be restructured to benefit an elite group of absentee investors. It is a dismal vision of a future that leaves no place for community values or stewardship of the land. Some specific investments for Texas illustrate what Merrill Lynch has in mind:

"Among the possible projects: a 12,800-acre potato production and processing facility in northern Texas or eastern Colorado, a Texas Gulf Coast shrimp hatchery and processing operation, and an 11,000-acre vegetable operation in the Rio Grande Valley."

If Merrill Lynch seriously intends to peddle its absentee-investor strategy for revamping agriculture in Texas, it will quickly discover that there is another strategy being pursued in this state. Instead of dismissing family farmers as outmoded enterprises incapable of fitting into a sophisticated, market-

photos courtesy of Texas Dept. of Agriculture



Commissioner Jim Hightower (second from left) samples home-grown blueberries.

THE HIGHTOWER REVOLUTION IN TEXAS

By Susan DeMarco

oriented food system, the indigenous Texas strategy says that a joint effort of government and small farmer-owned businesses can put together the necessary financing and expertise to allow small farmers and local communities to build tomorrow's agriculture on the democratic values of the family farm system. It is a vision of an agriculture economy in which those who do the work earn the profits, where ownership is decentralized in small-and medium-size businesses, and where profits are retained in the local economy.

A BORN-AGAIN STATE

In January 1983, after the election of Jim Hightower as Texas Agriculture Commissioner, a group of us took charge of a sleepy, go-along-to-get-along state agency. Since then, we have redirected the Texas Department of Agriculture (TDA), bringing in new staff, new constituencies, new ideas, and a new spirit. One of our goals was to make TDA a problem-solving partner to assist grassroots economic development.

We identified three broad areas in which a state department of agriculture could focus on making an economic and social impact:

Marketing. Government agriculture programs traditionally have been concerned almost exclusively with production rather than selling. We wanted to plug family farmers into markets — local, state, national, and even international. Our objective was to organize new marketing channels so that family farmers could sell their products as directly as possible to the ultimate buyer, bypassing some middlemen and thus getting a better price for their products.

Diversification. If farmers aren't making money on cotton, corn, and cows, then TDA should help identify commodities that are profitable for farmers to produce in Texas and design strategies for marketing those crops.

Agricultural Development. Since 75 percent of the consumer food dollar goes to the processors and marketers of food, it makes economic sense to help family farmers move into these "value-added" enterprises. The role of TDA would be to assist in packaging such homegrown businesses.

Working in those areas, TDA has been able in a surprisingly short time (three and a half years) to launch dozens of successful projects with very little taxpayer cost. The sum is even greater than the parts, for the projects often complement each other, are structured from the start to allow for expansion, and are intended to result in forming whole new marketing systems.

For example, helping a farmer to diversify into the production of specialty crops could then encourage several other area farmers. With higher pro-

duction volumes, these farmers could form an association to wholesale directly to chain store markets, and ultimately could build a cooperative facility for processing those crops. Overall, TDA's direct marketing, crop diversification and agricultural development projects add up to a statewide economic development program that already is generating millions of dollars in new wealth through small enterprises.

would exist for their commodities. We worked to reverse this notion: find a market willing to pay a fair price, ask farmers to produce for it, and help them sell directly into that market. We started small and simple with old fashioned farmers' markets. Drawing on the organizing experience of a new staff, TDA offered to work with any local government or citizens group interested in starting a farmers' market. We worked through city councils, county commissioners, "main street" projects, chambers of commerce, etc.



Hampstead farmers deliver watermelons from their co-op directly to Kroger.

Demand was strong. Even in our late-starting first year, 1983, the idea had enough appeal for us to launch four markets. In 1984 there were 17 markets, the next year there were 34, and in 1986 there are 48 markets, ranging from cities the size of Houston and San Antonio to the small towns of Cuero and Sweetwater. The markets are a success. Farmers can more than double the price they receive from a wholesale buyer, consumers pay less and get high quality produce to boot, and the local area retains the money that changes hands and gains the intangible boost of having a colorful, festive market.

MARKETING

Critics have complained that Farmers traditionally have been asked to produce in great volume and to hope that a market and a fair price

Critics have complained that

farmers' markets are not the answer to the state's agricultural woes, which is true, but they certainly are a big answer for the hundreds of family farmers who sell at these markets. Those producers will split around six million dollars in sales this year and average about a one-third increase in their net incomes over last year. Some farmers have even cut back their off-farm work in order to sell in two or three markets in their area. The beginnings of a statewide farmers' market network has great potential for spreading the word about the rewards

Meanwhile, we learned that Kroger was hauling watermelons from Florida to sell at its 103 stores in the Houston area. Not good. We paid a visit to Kroger's produce buyer, asking why they were not buying locally. We learned (1) that Kroger couldn't be running up and down the road buying watermelons, (2) that they needed a substantial volume and (3) that they wanted a 27-pound melon. In response, we said (1) we'll organize a melon cooperative so Kroger could deal with a single supplier, (2) the Waller County

The sale was not a one-shot deal. Kroger liked this new marketing channel. In 1985 they bought one million pounds of melons from the cooperative and this year they will buy two million pounds. More important, based on the successful model of the Waller County producers, TDA was able to encourage other small producers to organize cooperatives as a way of tapping into direct wholesale markets.

Last year we worked to help a group of low-income Mexican-American producers organize as the Rio Grande Valley Farmers Cooperative. Our initial role was to link them into a sizeable retail market. Pathmark, a supermarket chain operating in five Northeastern states, became their first buyer, taking several truckloads of vegetables in the fall of 1985. Pleased with the cooperative's product and performance, Pathmark is negotiating to purchase from the Valley farmers this season. Not only does this open a market that otherwise would not be available to small producers, but it also offers a profitable market. Previously, Valley farmers have had to sell to one of a handful of local packers and shippers, generally receiving a very low price. By selling directly to Pathmark, they are getting around the middlemen and getting as much as three times the price set locally.

The cooperative's second buyer was Pace Foods, Inc., a San Antonio firm that specializes in bottled picante sauce and other packaged Mexican foods. Through our promotional work with Pace we learned that they were buying out-of-state jalapeno peppers during the fall and winter because they were unable to find a local supply during these months, even though it is possible to produce for the fall season in the Rio Grande Valley. The cooperative was able to move into this market niche.

The point is not merely that a number of farmer-owned marketing cooperatives have been successfully launched in the last three years, but that an entirely new system of food wholesaling is being established. In addition to supermarkets and food processors, such giants of the institutional food market as Sysco and Fleming are now interested in buying fresh supplies directly from local producers. TDA is helping Texas farmers break into the centralized procurement systems of



Grain elevators rise above construction of farmer-owned flour mill in Dawn.

of selling directly to consumers.

Another promising effort has been to organize cooperatives of farmers to produce specific commodities for sale directly to such lucrative markets as chain groceries, processors, restaurants, and governmental feeding programs. Our first major success was with a group of black farmers in Waller County, just outside of Houston. This is a county renowned for the quality of its watermelons, yet in recent years these farmers had seen 60 percent of their crop rot in the fields for lack of an outlet. They had sold the other 40 percent out of pickup trucks on the roadside, getting only one-to-three cents a pound.

farmers had enough melons rotting in their fields to meet Kroger's need, and (3) the cooperative would hold their melons back to 27 pounds. We gave them a taste, and they took a truckload.

In 1984, the first year of this cooperative, the farmers sold all of their crop to Kroger — 500,000 pounds. And rather than the one-to-three cents a pound they had been getting, they got seven cents, generating a 165 percent increase in their average net income. Consumers got a good deal too, because instead of paying \$3.50 for a travel-weary Florida melon, they could buy tasty Waller County melons for \$1.98. And the money they spent stayed in the local economy.

these corporations by organizing a localized system that is easy for these firms to use and offers genuine business advantages for them.

DIVERSIFICATION

The prices that farmers are receiving these days for such staple commodities as wheat, rice, cotton, sorghum, and corn are generally far below the cost of producing them, which is a major reason so many farmers are going broke. One way to help farmers deal with the devastating impact of low prices on their income is to encourage

them to diversify their operations by shifting some of their acreage to the production of higher-value specialty crops. Instead of simply being dependent on the prices of beef, hay, and milo, for example, an East Texas farmer operating 200-300 acres might convert some of those acres to blueberries, Christmas trees, or sweet grano onions. The farmer might put in a catfish pond or produce a flock of organic poultry. If he or she has the calling he might do it all.

TDA has tried to make diversification a real possibility for Texas producers by first identifying market

interest in a local supply of these products, and then by finding "pioneers" with the vision, guts, and financial capacity to take the production risk.

Some alternative crops were already being tried on a small scale when we entered the picture. Blueberry production, for example, was being encouraged by Texas A&M's research and extension staff. A small number of East Texas farmers and nurseries have been producing berries the last few years for sale through pick-your-own operations and roadside stands. A TDA-sponsored marketing study concluded that Texas-grown blueberries had a potential commercial market of about \$50 million annually, thus legitimizing the crops as worthy of serious consideration by East Texas producers.

As a start, TDA began working with supermarket chains. We piqued their interest in the Texas berry by holding blueberry tastings for produce buyers. In 1985, TDA's promotion staff generated newspaper and magazine articles about this new crop and appeared on radio and TV talk shows to let consumers know something new from Texas was on its way. In the summer of 1986, the first load of Texas blueberries was delivered to a Fort Worth-area supermarket where they quickly sold out.

About 15,000 pounds of berries will be sold directly from farmers to supermarkets during the year, with 75,000 pounds due in 1987, and this is only a scratch on the retail surface. With marketing possibilities from pick-your-own to frozen berries for institutional use, blueberries have the potential to become one of the state's largest horticulture crops.

Pinto beans — the simple frijole — is another item now catching the attention of farmers eager to find a profitable crop. In this case, TDA was starting from zero — there were not even experimental efforts underway to produce pintos in Texas for commercial sale. But the market for pintos is huge in our state, since the humble legume is a dietary staple for the three largest cultures: Southern Anglo, Mexican American and Afro-American. Texas consumers and food companies use 100 million pounds annually. Unfortunately for the state's farmers, practically all of the pintos sold in Texas are grown in Colorado.

— MY TURN —

Closer To Home

I'm that curious sort of farmer that doesn't have a farm. My wife Pat and I sold the farm in August. We had 244 acres of mostly steep pasture land sort of farm, about five miles southwest of Rural Retreat, in Wythe County. We kept about 30 beef cows, about 100 ewes. We sold that farm because we were getting in debt, a little more every year.

The house we lived in won't be occupied. There won't be anyone from that house to give blood when the bloodmobile comes to Rural Retreat, or anyone to support the fire department or the rescue squad. There won't be anyone to play Rook or coon hunt with the neighbors. There won't be anybody to buy groceries at William's Supermarket in Rural Retreat from that house, or have feed ground at Rural Retreat Mill. In the past ten years, Rural Retreat has lost a hardware store, a department store, one grocery store, the Esso station.

It's not a nice thing to happen to a farm couple, either, when you've done it all your life and you think it's the finest thing a man and woman can do together, to farm. When you fail, there's depression that comes along, and all the friends that are still out there farming are a reproach to you.

— Buddy Mitchell, Virginia

In 1985, TDA started with a lone farmer in Ochiltree County willing to plant the first commercial crop. His is a large family farm operation, as they tend to be on the flat expanses of the northern plains of Texas. But like so many of his neighbors, he was losing money fast in the wheat and cattle business that dominates agriculture there. He rolled the dice with us and planted 400 acres of pintos. He made a good crop and TDA helped him market it to nearby Arrowhead Mills. He also made a per-acre profit far better than any other crop in that region.

The beauty of pinto beans is that they can be double-cropped or alternated with wheat, providing a second cash crop for farmers. Another advantage is that standard production equipment can be used, keeping the initial investment low. This year TDA is working with 150 farmers in Lamb County who are growing pintos and with area processors who are converting cotton delinting facilities to handle pintos. TDA will provide marketing assistance in finding buyers throughout the state.

These are just two of dozens of crops that can help family farmers shift from depending on monoculture or duoculture. TDA is also encouraging farmers to look at diversification into such crops as Christmas trees, organic produce, grains and meats, grapes, jojoba, oriental vegetables, native plants and Texas-grown nursery stock, crawfish, and apples, as well as such specialty crops as herbs, sprouts, and "boutique" onions.

In all of these cases TDA starts with the identification of a market, helping producers establish links to a buyer before investing in production. That might seem to be an obvious first step for a business, but it is one that has often been overlooked in agriculture, with the result that farmers produce a perishable crop, then beg someone to buy it from them at any price. Individual small- and medium-sized farmers have no entree into the offices of corporate buyers, so state government can perform a useful role by making that connection.

AGRICULTURAL DEVELOPMENT

Food and fiber processing is an industry that offers an opportunity for grassroots economic development on a

micro scale, and the chance to generate a major resurgence in a state's economy on a macro scale. To put it simply, hundreds of small locally owned processing facilities scattered throughout the state can generate hundreds of millions of new dollars and thousands of jobs for the state's economy. TDA estimates that every one percent of the current national food processing market represents 35,000 jobs, \$3 billion in earnings, and \$9 billion in economic impact.

State and local governments wanting

would income and jobs be generated, but this new wealth would remain in the local economy.

In the Texas Panhandle, for example, in the town of Dawn, nine wheat farmers joined forces in 1985 to build their own flour mill. Their motivation was necessity, since wheat prices had deteriorated to a level below their cost of production. Plain wheat flour, which was selling for 26 cents per pound to wholesale buyers, was returning only five cents to wheat producers.

TDA conducted an assessment of the



Innovative marketing of agricultural goods starts with a farmers' market.

to "develop" this kind of economic potential usually offer incentives to established corporations to move into their area. Governments have offered such bait as land, water, buildings, rail spurs, cheap labor, employee training, tax breaks, university research, zoning exceptions, and low-interest financing to entice some Fortune 500 firm to come make money from the productivity of local people and resources.

Rather than trying to lure conglomerates to Texas to process farm and ranch commodities, we asked, why not use the resources of government to help farmers and local businesses become processors themselves? By investing in our own people, not only

demand for bulk sales of flour in the area and learned that a substantial market existed for locally produced, high quality flour to be sold wholesale to bakeries, restaurants, colleges and universities, tortilla manufacturers, etc. The nearest flour mill to this region is 250 miles away. Some of the buyers were interested enough in having a local supplier that they were willing to sign advance purchase agreements.

Based on this market assessment and on a cash-flow and income analysis that TDA staff prepared for the farmers, the Dawn flour mill project obtained financing and a groundbreaking ceremony was held just before Christmas 1985. The facility, which will produce

300,000 pounds of flour a day, will mill its first flour in early 1987.

In the national scheme of flour milling, the mill at Dawn is hardly significant, but in what it represents to the economy of the area and to the idea of grassroots economic development, a farmer-owned mill is a very big deal indeed. For top quality wheat, the mill intends to pay a premium price to other area farmers, representing a 50 percent increase in the farmers' share of the wholesale value. The mill is projected to generate \$10 million a year in sales, 14 direct jobs, and 20 indirect jobs.

The idea of small-scale development is becoming attractive to many individuals and communities in Texas. Near the north Texas town of Childress, Minnie and Bill Bradley run a modest ranch called the B3R. They were fed up with selling their cattle for 55 cents a pound and buying beef for \$3 a pound, so Minnie began investigating the possibilities of doing some of her own processing and marketing. TDA worked with the family helping them develop a sound business plan, then helping obtain the needed \$940,000 in financing.

For this relatively small investment of capital (as compared to the meat packing industry), the Bradleys' present cow-calf operation will be expanded into a fully integrated meat business, specializing in high quality natural, corn-fed beef. They will expand their feed lot to handle 3,000 head of cattle a year; they will buy cattle from local ranchers and corn from local farmers; they will build a slaughterhouse and meat packing facility; they will have a retail outlet; and will sell their own brand-name meat to grocery stores and restaurants within a 45-mile radius of Childress. This one venture will create 40 new jobs and inject more than \$2 million annually into the local economy.

In themselves, the B3R venture and the Dawn flour mill are not of national importance. But they demonstrate that by putting the business tools of market assessment, cash-flow analysis, and capital formation in the hands of people at a local level, a state agency is able to help people help themselves and to nurture the aspirations of hundreds of small- to medium- sized enterprises at home. In 1984 and 1985, TDA helped to generate \$65 million in capital in-

vestment for grassroots enterprises that will produce first-year sales of \$260 million when completed.

KEYS TO HOMEGROWN SUCCESS

We are often asked — usually by people who are shocked that an agriculture department in Texas could initiate progressive programs and live to tell about it — how TDA got the momentum started. It takes commitment to the idea that government can help foster grassroots development. It requires recruiting people who believe in such development and who have the skills to do the necessary organizing and the stamina to face obstacles without getting discouraged.

It also takes patience. Building a progressive agricultural alternative for the future is a long-term process. Skepticism is rampant in the press, in the financial community, in the political world, and even in the farm and ranch communities. We had to start small and build by demonstrating success. There is nothing like positive results, even on a small scale, to win converts. Rhetoric is not enough, good intentions are not enough. We took a project approach and gave ourselves the time to take risks and nurture the projects we started.

The project approach is an effective way to marshal resources and focus technical assistance. The assistance TDA provides runs the gamut from market studies to promotional campaigns, to business plans, to management training, to financial packaging assistance. What works best is what is practical and suited to the needs of each specific enterprise.

When we began in Texas, there was no master plan at work, but there was a sense of urgency to prove that homegrown small enterprises can be a realistic avenue for economic development, not only for family farmers and rural communities but also for the state. Every day we fought the conventional wisdom that development means wooing mega-firms to Texas. But we also had that maverick "what-the-hell, give-it-a-try" Texas spirit working in our favor.

So we found allies. By using the good offices of TDA, we were able to open doors and get the cooperation of

other folks — people in both the private and public sectors who could play a key role in making an alternative vision of economic opportunity a reality:

- a local independent banker in Colorado County whose bank financed the state's first agricultural development bond project, a farmer-owned rice dryer facility in Eagle Lake;

- the cooperation of the Texas Department of Community Affairs and the City of La Villa in providing funds to make low-interest loans available to local vegetable producers to build a grading, packaging, and processing facility that will have a projected payroll of over \$1.5 million a year;

- the participation of private developers, the state highway department, and the state purchasing agency in TDA's "landscape with native plants" campaign;

- the Rouse company, through a locally owned shopping mall, providing space, tents, staff, publicity, and even clowns to help get the Austin farmers' market off to a dazzling start;

- a grant from the Texas Parks and Wildlife Department which makes it possible for TDA to begin a seafood marketing and promotion program.

These and hundreds of other people and institutions have been the crucial part of TDA's experiment in "homegrown" economic development. Don't let people tell you it is strictly bottom-line dollars and cents that sells a business concept. Certainly, business people do not want to lose money. Making a profit matters, but there are also other powerful motivators such as community loyalty, public relations, the challenge, fun, and sometimes just plain stubbornness that are part of the decision to go ahead with an idea.

Every step away from the "what is, therefore, must be" way of thinking moves us closer to finding creative, democratic, humane solutions to our economic woes. We have a small beginning here in Texas but it is an endeavor worthy of the effort. □

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MODELS OF CHANGE

By Cynthia and William Duncan

Rechannel the Mainstream

photographs courtesy of MACED



Economic development is necessary because certain people or places are left out by the natural flow of the market driven economy. Economic development in a developed country like the U.S. rechannels parts of the mainstream economy to benefit these people and places. It is not the same as service delivery, which tries to tide people over until the big stream changes. Nor is it the same as those wholly political efforts to change the economic system. It is an immediate, incremental redistribution of

economic opportunity and benefits. Significant redistribution of economic opportunity is really a task for government. Government sets the rules in the first place which determine whom the economy benefits and whom it does not. Governments determine what income and wealth are taxed, write regulations that assign infrastructure, health and environmental costs, and establish enforcement procedures. These policies are contested and negotiated among corporations, workers, environmentalists, consumers, local government officials, and citizen activists. The government policies that emerge from these negotiations shape the distribution of resources and opportunities.

Development, as redistribution, has rarely been an explicit policy issue. In fact, the amelioration of poverty has never been a primary concern. Rather, the national commitment to improve conditions in urban ghettos and places like Appalachia, Indian reservations, the rural South, and the Southwest has been temporary and shallow. Therefore, development organizations have had to develop strategies which can work outside government.

For the past ten years, the Mountain Association for Community Economic

Development (MACED) has been trying to "do development" in Central Appalachia. In 1976, a group of community development corporations founded MACED to work with cooperatives and small businesses, giving technical assistance, making investments, basically trying to help small, locally controlled enterprises survive and, hopefully, expand. For several years, our development strategy was straight business assistance.

But small nonprofit development organizations with limited resources and authority need to look for opportunities to achieve some kind of scale in their day-to-day work. We realized that our technical assistance and loans, however welcomed by the immediate beneficiary, were not achieving much in the way of scale. We looked for ways to have greater impact. What we came up with, and are still experimenting with, is a development strategy based on "sectoral interventions."

We try to influence the way an important, existing sector or institution works, steering it toward serving the local economy better and benefiting people at the low end of the scale. We try to bring a public-minded perspective — a development orientation — to the sector, whether it is coal, or timber, banking, even water system management. In some cases, this involves "being a business," while in others it involves conducting research and speaking out on policy issues. In every case, we see what we do as experimental, responding to opportunities as they arise and to energetic people wherever they are.

Sawmills and loggers are important employers of poor people in the most rural areas. Any increase in hardwood sales from the area translates directly into additional days worked by underemployed people who are piecing together a livelihood when steady jobs are scarce.

Therefore, several years ago we established a specialized lumber component of our general small business investing activity, and hired a hardwood lumber specialist. At first we tried to promote secondary manufacturing in the industry, but potential entrepreneurs in our lumber industry had little relevant experience in these higher value added ventures. People in

What is Sectoral Intervention?

Sectoral intervention is a strategy of scale: rather than expend precious staff time and resources on individual projects, it aims to identify and focus on strategic points in the regional economic system for the direct benefit of many smaller enterprises. The goal: create a bigger impact for the same effort. The following explanation of this strategy is adapted from an article Bill Duncan authored in the Spring 1986 issue of Social Policy.

The first step in a sectoral intervention strategy is to identify "critical" industries in an area. A sector, or area of economic activity, might qualify as critical because it is large and employs many otherwise unemployable people (such as hardwood lumber in Central Appalachia); it dominates an area that is troubled (as in steel and coal); it is a growth industry which could employ low-income or structurally unemployed workers (such as the "complex manufacturing" sector being promoted in Michigan); or it plays an important generic role in the economy, as banking does.

As developers, we are looking for industries which have, or could have, an important effect on the lives of people in depressed mountain areas, whether or not they are growth industries. Coal, for

instance, is not a growth industry, but it is critical to the economic fortunes of Appalachia. Readjusting the equation of who pays and who benefits in the mining of coal might have more effect on the region's people than attempting to attract a growth industry. So rather than focus on growth as a measure of economic potential, we concentrate on the scale of a sector's impact on a specific constituency.

The second step is determining whether there is an opportunity to intervene in the industry and whether you are in a position to do so. Finding a handle often seems to be a function of patiently engaging the industry over a period of time, either through doing projects in it or researching it. MACED's venture in marketing logs and lumber from small producers developed out of a program which provided specialized assistance and financing to small sawmills. However, sometimes there is no opportunity to intervene. For instance, when MACED analyzed the apparel industry — the most important employer of women in eastern Kentucky — we could see no opportunity to actually help the workforce in the industry without most of the benefit going to owners outside the areas. (Now, of course, the proposed trade legislation would present an opportunity on a

our area do know sawmills, and we received numerous proposals to invest in sawmills.

We made loans to several individual mills, but we realized these mills could not create a significant number of jobs. However, all small mills faced similar problems in gaining access to markets and using available information to make management decisions. If we could improve their market access for the higher grades of lumber, many mills could expand under their own steam.

The mills had no interest in forming a cooperative, so we established a sub-

sidiary to buy, agglomerate, process, and resell the lumber of small eastern Kentucky mills. Since then, the company has been developing markets for loggers, promoting a variety of joint ventures, and making financial analysis software available to the larger mills. Recently we convinced a broker to move from Alabama to east Kentucky, where he is setting up a concentration yard. Through MACED he has access to raw material supplied by local mills and loggers. The mills and loggers benefit from new, larger, and more reliable markets. In another case, we act as an intermediary, help-

national level to extract quid pro quos).

Once an intervention strategy is clear, you may or may not be in a position to pursue it. "Position" often means having the funds and staff needed to take action, or being able to get someone else to carry it out. For instance, it was two years between the time when MACED developed a banking strategy and when the right person was available to carry it out. In other cases, the political context is particularly important. Proposals for changing the impact of the coal industry receive a much warmer reception in the coal fields now than they would have during the boom years of the 1970s. If the time is not right for intervening in a given critical sector, either because you are not ready or the situation is not promising for other reasons, you could continue to gather information about the sector and the options for intervention, discuss them with anyone who is interested, and generally try to develop them into an opportunity over a period of time.

The intervention itself may include investing, research, stimulating public discussion, formulating regulatory or political action, or working on a variety of short-term projects until a clear strategy emerges. The point here is to engage the mainstream of the industry and assess the issues from the point of view of the industry as well as development needs. Although business owners will

seldom concern themselves with the economic development implications of their actions, you can look for ways to move on your goals with an understanding of the imperatives of the industry. Whenever there are mutually shared goals, such as expanding lumber markets, or making "good" mortgage lending profitable, it is possible to work with the industry. On issues where development goals diverge from the industry's — stimulating more competition in banking and higher taxes on coal, for instance — you look for levers outside the industry.

In this case, you may focus on a political action strategy intended to affect the collective consciousness, change policy at some governmental level, or change the way some group of people or institutions approach an issue. A political intervention may be, but does not need to be, confrontational. It may be cooperative and work through persuasion and inducement. It may use the press, public meetings, or any other forum to change how the public frames an issue. The preeminent example of approaching development as a political undertaking is the work of Gail Cincotta (National People's Action), and the many organizations which worked to pass the Community Reinvestment Act (CRA) and now use it to monitor and change bank lending performance. CRA deals with a fundamental development issue — allocation of capital — and it has forced institutional reform in the

banking system.

Similarly, the Center for Community Change in Washington has promoted strategies for monitoring certain federal development funding programs, like UDAG and CDBG, which are relatively small but important because they are required to target their benefits to low-income people. Other examples include the city ordinances which require real estate developers in Boston and San Francisco to invest in low-income housing in proportion to the investments they make in the desirable downtown areas of those cities. An unemployed committee (PUP) in Philadelphia proposes a reduction in overtime of the Postal Service, which would redistribute jobs and benefits to a larger number of people.

In retrospect, we may have given away more than we thought when we segregated development activities from political organizing. Now we can look back and see that the practical effect of doing economic development projects without a political component is to limit our potential to cause the kind of institutional change we need to carry out development on a significant scale. If a development project does not contribute to fundamental institutional change in either the public sector or a sector of the private economy, then it is likely to function more as a symbolic gesture than as a tangible contribution to development.

ing small operators gain access to quality timber on federal land.

Our initial interest in banking was stimulated by our interest in housing. An analysis of mortgage lending in eastern Kentucky in 1980 showed that the 10-year, 30 percent down demand note was one of the most serious obstacles to affordable housing. We considered trying to start a savings and loan association or mortgage banking firm, but the potential mileage gained through an active consortium of these bankers looked much greater. Several leading bankers recognized the value of a consortium effort to improve lend-

ing practices and build a new banking climate in the region. We found other lenders were receptive to the idea, and support snowballed.

We hired a banking expert who drove all over the mountains and helped organize 94 bankers into a consortium. This consortium then became a link for the bankers to secondary markets. We held seminars with Freddie Mac not only to familiarize the bankers with Freddie Mac, but also to change Freddie Mac provisions that worked against rural bankers.

The consortium bankers who used to make housing loans that looked like

demand notes, now write regular, long-term, low down-payment mortgages. The consortium has issued two mortgage revenue bonds which brought over \$46 million into the area in the form of below-market-rate mortgages, and these eastern Kentucky banks became a greater financial force within the state. Now we are talking with some banking leaders about ways to use innovative commercial lending to encourage potential suppliers to Kentucky's new Toyota plant to locate in the mountains.

The coal industry is another important sector in the region. In many

areas, coal or coal-related employment is the main source of earned income. In recent years we have begun to look at the coal industry and its impact on communities in the mountains. We are trying to change the debate about coal policy, introducing the notion of "development" into discussions. We are trying to build up the public expectation that coal can and should do more for local economies, both by reinvesting in them and by encouraging stability.

Also, because growing unemployment in the coal industry is a serious

structural problem, we are hoping to build the expectation that coal companies have a responsibility to unemployed miners. In a sense, we try to be a strong, supportive, "public-interest" voice of coal-field communities.

For years, everyone associated with the coal industry — coal operators, workers, and state and local policy makers — has said that competition and unstable energy markets limit what coal can contribute to local development. Heavy environmental and social costs associated with min-

ing have pitted environmentalists against the industry, labor versus management. You were for coal, or against it, and state policy was almost always designed to promote more production. Even progressive policy makers felt they had no other choice, and yet the environment still suffers, local governments are always strapped for funds, and workers never know how long they will be working.

MACED analyzed future employment in coal, assessing past and present productivity increases. We examined the impact of coal on local development during the boom times of the 1970s, and we interviewed leading coal executives about their community responsibility. Our analysis showed that even during the boom times, coal was not contributing to long-term development. Work and income were distributed unequally in coal areas, and this skewed distribution prevented substantial growth in earned income from improving poverty rates or basic conditions. We argued that policies to promote more coal production are not developmental.

Our reports emphasize declining employment, even as production remains steady, and we urge greater acceptance of public and private responsibility to assist displaced workers, their families, and their communities. But the reports also emphasize that hard-won environmental and health and safety regulations during the 1970s forced the industry to absorb costs previously left to workers and communities. The coal industry did improve its community impact. Some redistribution of coal benefits and costs occurred.

Furthermore, our interviews with coal industry leaders suggested that industry attitudes also had changed during the 1970s, and there might be greater sensitivity as well as capacity to deal with social responsibility. Certainly, there is now a sound precedent for public oversight and accountability.

As a development organization, we are arguing that these improvements should be extended to local development. We are trying to raise public expectations of the industry without sounding an anti-coal alarm in the region in which it is the primary source of work. Coal will continue to

MY TURN

Closer To Home

I have a 19-year-old son, who's married, and has a child, and at this minute he's 45 foot underground in Leslie county. I fear for his future, because Eastern Kentucky is only one industry, and that's coal mining. All the small businesses depend on it, and they can't work without it.

My son, I've tried to get him to go to school, but he'd rather make the big money that the mining companies offer him. I would sell my farm up at the head of McIntosh Creek, and get anything I could get out of it, if he would go to college. But he would rather make the big money. As far as his future, I've talked to him, and I'd say by 30 or 35 years he'll have black lung, and he will then depend on social security. And I just don't see no future for him, nor my grandson, and that scares me to death.

— Joe Whitaker, Kentucky





be produced in Central Appalachia, at a steady pace. The question is still who will benefit. We think that the political climate in coal states may have changed enough to up the ante and start requiring that large and small coal companies extend their more socially responsible conduct to include local development issues. Through research and policy debates, we hope to advance the notion that coal can be more developmental. But we also emphasize that promoting more coal growth will not address serious unemployment problems in the coal fields. Coal states need to direct more energy and creativity to these distressed areas, or they will lose good potential workers to massive out-migration.

A sectoral intervention development strategy has the potential to build positively on sectors that already have a major impact. You try to rechannel a stream that is already flowing — you try to change not one logger but many, not one bank but 100, not one coal company but standards for the industry. In a similar tack, urban-based community organizations have accomplished developmental goals in credit and banking with the Community Reinvestment Act, which holds financial institutions responsible for local investment. Also, urban community development organizations have acted as real estate developers and housing managers to redirect resources to their constituencies. San Antonio COPS, a community organization, pressures local government to direct a share of the city's growth to their poor neighborhoods. In each case, community organizers and developers found critical levers which could be used to gain benefits for poor people and poor neighborhoods.

The strategy has not been applied very often in business development or in rural areas. We are trying it out. Business development in isolated areas is tough, and changing public attitudes about the redistributive role of government is a long-term political project. In the short term, we find that working to make incremental changes in critical, existing sectors can be a pragmatic approach to development. □

Cynthia and William Duncan work at MACED.

THE BLACK BELT



By
Bob
Hall



Worker-owned businesses or cooperatives reach only a tiny fraction of the population. For most people, economic development means increasing their control and benefits in a workplace where they have no equity interest, no rights as owners. Expanding and defending their rights as workers is the day-to-day struggle that dominates their perspective on “economic planning,” “economic democracy,” or “strategies for development.”

In the Black-Belt South, historical conditions pose special problems for this struggle. Defined by its roots in a

plantation-based political economy, the Black Belt still comprises the U.S. region with the heaviest concentration of black and poor people. Generally, blacks make up 30 to 70 percent of the population in these counties. Centuries of racism, anti-labor propaganda, and violent opposition to workplace organization have left workers in the Black Belt among the nation's most racially polarized, least educated about worker rights, and most fearful of collective action.

Black communities in this region have developed their own strategies for economic success. Far more often than efforts led by progressive whites, these strategies draw on a mixture of political activism and electoral politics, church-based education and service programs, leadership development and constituency building, and the creation of alternative, community-controlled institutions. Examples of groups currently involved in such work range widely from the Alabama-based Federation of Southern Cooperatives and MACE in Mississippi, to the Institute for Community Education and Training in South Carolina and the Gulf Coast Tenants Leadership Project headquartered in New Orleans.

As much as any group in the South, the eastern North Carolina-based Black Workers for Justice has successfully combined these approaches to focus directly on the condition of black wage earners. The group doesn't seek publicity for itself and receives little money from foundations or church agencies. Instead, it relies heavily on a core of dedicated activists and a leadership committee drawn from members in several counties from Raleigh eastward.

LEFT: Saladin Muhammed at BWFJ's Workers' School.

RIGHT: Members and friends of BWFJ celebrate at a banquet.



Black Workers for Justice (BWFJ) began in 1981, composed of three Rocky Mount workers fired from K-Mart for protesting the company's discriminatory labor policies, other K-Mart workers, and their supporters. In many ways the campaign to reinstate the fired workers became a paradigm for future BWFJ organizing. Community support led to a boycott of K-Mart in 1982, and although the workers were never rehired, the com-

panies" at work sites, the program emphasizes "the building of county-wide support structures, so black workers can mobilize the support of their churches, county and civic groups and small businesses around their struggles on the job and in the community."

In one example of linking workplace and community issues, BWFJ helped block a 1984 request by General Bearing Company for a county-approved, tax-exempt industrial bond to finance a plant expansion in Wilson. Genbearco asked officials to waive the require-

Hill Community Association stopped Consolidated Diesel from evicting black residents to make room for its new factory. The organization now has members in the plant as well as the community. Black workers have forced several production line changes, fought for increased benefits, and won compensation for injured and laid-off workers. With community members, they also successfully pushed for an indictment of a white farmer who ambushed and wounded his daughter's black boyfriend; no ar-



pany replaced the local store manager who had been a target of the protest.

Since then, BWFJ has organized committees in more than a dozen work sites and played a key role in many labor and community struggles. In a revealing 1983 report, it describes its program as "building a framework of black worker contacts and committees in several counties, tied to industries and workplaces; using leaflets and conducting activities to draw out the key issues in those workplaces to make them popular issues in the entire county."

In addition to "building collective consciousness and solid organiza-

ment that facilities using the bonds pay employees above-average wages for the area. As community pressure mounted, the company withdrew its request for the bond and eventually gave workers at its existing plant a substantial wage increase.

In the past three years, BWFJ has expanded its base inside Genbearco, published a shop-floor newspaper, successfully defended fired workers, taken an active role in the statewide campaign for a "Right-to-Know" law, and forced the replacement of the plant manager and personnel officer.

In Whitakers, in nearby Nash County, BWFJ members and the Bloomer

rest had been made in the case, illustrating the double standard of the criminal justice system in the South.

In January 1986, BWFJ mobilized broad community support in Rocky Mount to force city officials to rescind their secret approval of a Klan march and demonstration on city property; the planned rally never happened. Later in the year, BWFJ's "women's commission" began developing a committee in one of the city's garment factories where a BWFJ member had been fired for leading a work slowdown.

And for the past two years, the organization has intensely worked on

Getting Your Money's Worth

By James Carras

In 1985, a Fort Lauderdale-based bank provided a line of credit to a community development corporation to build 35 single-family homes for low- and moderate-income buyers. The next year, a North Carolina bank donated \$50,000 to a national community development foundation and, in conjunction with the foundation, promised loans to minority businesses at three percent below prime rate. A bank in Atlanta is now spearheading a drive to create a new city-wide enterprise to support rehabilitation and construction of housing in low-income neighborhoods. Each of these efforts is the direct result of how economic development advocates have respond-

ed to dramatic changes in the banking industry.

In June 1985, the U.S. Supreme Court issued a landmark ruling permitting regional interstate banking. For months, if not years, major Southeastern banks had been strengthening their balance sheets, scouting potential merger partners and plotting market strategies in anticipation of interstate banking within the region. Within days of the Supreme Court decision, First Atlanta merged with Wachovia Corporation of North Carolina. In the next 15 months, a dozen major mergers and acquisitions occurred among large regional banks in the Southeast. "Super-regional" banks such as NCNB and First Union of Charlotte, First Wachovia of Winston-Salem, and Citizens and Southern and SunTrust of Atlanta are now among the most profitable banks in the nation.

Changes in the regulation of banks and thrift institutions have enormous consequences for local economic development efforts. These changes — coupled with national and international economic upheavals, demand for greater returns on savings accounts, and technological innovations — have resulted in competition between fewer and larger financial institutions. The evolving structure of today's banks shifts the location of credit-making decisions, deemphasizes commitments to local economic goals, and encourages the "strip-mining" of local deposits.

The critical issue for community economic development practitioners in this financial environment is the continued availability of credit for distressed communities. Credit for low-income residents, small businesses, nonprofit developers, and

government programs requiring bank participation is of particular concern.

The Community Reinvestment Act of 1977 (CRA) has been surprisingly effective in addressing community economic development concerns and the negative effects of bank consolidation. The CRA requires banks to meet the credit needs of all parts of their community. Along with a companion measure (the Home Mortgage Disclosure Act), it effectively bars lenders from "redlining" or refusing loans and other services to entire areas because of the race or economic class of their populations. According to the *Wall Street Journal*, since the act's passage more than \$3.7 billion has been committed in 117 cities for home mortgage, small business, and other loans to predominantly low-income borrowers.

HOW CRA WORKS

A bank's CRA record is available for public scrutiny and comment. This record is also reviewed by federal regulators before a bank merger is approved. During the application period for approval of the acquisition or merger, the application may be "challenged" or "protested" by community coalitions, organizations, individuals, or (especially in the case of the Southeast) legal service attorneys who intervene on behalf of low-income clients.

Following an initial flurry of CRA protests and challenges, primarily in large Northern cities, many observers predicted that the CRA would be repealed or simply ignored by regulators as they grappled with new concerns such as bank failures, deposit insurance crises, and the financial stability of the thrift industry. The predictions proved wrong, and CRA protests jumped from three in 1984 to 18 in 1985. Emulating landmark achievements in Chicago and Boston, legal services organizations (especially in Florida, North Carolina, South Carolina, Georgia, and Kentucky) and community coalitions have challenged the applications of large banks seeking to cross state lines.

Generally, research on a bank's CRA performance is conducted by a legal services attorney or a community

Community Reinvestment Act Notice

"The Federal Community Reinvestment Act (CRA) requires the Comptroller of the Currency to evaluate our performance in helping to meet the credit needs of this community, and to take this evaluation into account when the Comptroller decides on certain applications submitted by us. Your involvement is encouraged.

You should know that:

You may obtain our current CRA Statement for this community in this office. (Current CRA Statements for other communities served by us are available at our head office through the Corporate Communications Division located at First Union National Bank, First Union Plaza, 301 South Tryon Street, Charlotte, North Carolina, 28288.)

You may send signed, written comments about our CRA Statement(s) or our performance in helping to meet community credit needs to General Counsel, First Union National Bank, First Union Plaza, 301 South Tryon Street, Charlotte, North Carolina, 28288, and to the Regional Administrator of National Banks, Fifth National Bank Region, F & M Center, Suite 21-51, Richmond, Virginia, 23277. Your letter together with any response by us, may be made public.

You may look at a file of all signed, written comments received by us within the past two years, any responses we have made to the comments, and all CRA Statements in effect during the past two years at our office located at First Union Plaza, 301 South Tryon Street, Charlotte, North Carolina, 28288. (You also may look at the file about this community at 301 West Main Street, Durham, North Carolina 27702.

You may ask to look at any comments received by the Regional Administrator of National Banks.

You also may request from the Regional Administrator of National Banks an announcement of applications covered by the CRA filed with the Comptroller.

We are a subsidiary of First Union Corporation, a bank holding company. You may request from the Federal Reserve Bank of Richmond, Richmond, Virginia, 23261, an announcement of applications covered by the CRA filed by bank holding companies."

group. This research entails examining the community's credit needs (home mortgages, home improvement loans, small business loans, credit for government development programs, etc.) and the bank's response through extension of credit and participation in special community development programs. In many cases, researchers will discover that lenders make few, if any, home mortgage loans in black and low-income neighborhoods.

Armed with statistical data, a protest or challenge is filed with the appropriate federal bank regulatory agency which can reject a bank's application for a merger, acquisition, or other activity if they are convinced that the bank is not meeting a community's credit needs. Rather than rejecting an application, however, all parties involved usually attempt to reconcile their differences through negotiation.

As a result of CRA protests, the Southeast has seen 15 "reinvestment lending agreements." These

agreements focus on local credit needs, such as loans for mortgages, home improvement, and small — especially minority — businesses. Agreements also outline specific commitments to community development organizations, including investments, flexible underwriting criteria, and contributions of human and financial resources. While none of these agreements has been in effect long enough to assess their success in generating capital for credit-poor neighborhoods, two distinct strategies have been identified.

TWO AGREEMENT MODELS

Two general forms of lending agreements have been analyzed by M.I.T. Department of Urban Studies and Planning graduate students Eric Brown and Beth Marcus. Each form stems from a particular organizational base and relationship with the financial institution. The first involves community-based organizations in a relatively adversarial relationship with



A powerful coalition of community-based organizations with ample evidence that its constituents have been systematically denied credit is likely to take an approach quite different from that of a group of public-interest lawyers exploring the potential for economic development in a relatively unorganized community. A community where financial institutions have been unresponsive to local requests for credit will not have the same objectives and expectations as the community only recently discovering its economic development potential.

These diverse situations clearly suggest that different approaches may be advisable; both can produce credit for their communities. One type will produce by specifically obligating the lender to the achievement of goals and the other by providing a favorable climate for granting local loans. Several more years and considerable investigation will be required to decide which type of agreement will provide greater benefit.

FIRST RESULTS

Impressive results in Florida, however, recently led Federal Reserve consumer affairs chief Griffin L. Garwood to call CRA lending agreements in that trend-setting state a model for other communities. In the past two years, legal services attorneys have reached agreements with three regional banks acquiring Florida banks and one statewide bank holding company. Similar negotiations are underway with two more large banks seeking approval for additional acquisitions.

As a result of these agreements, the banks have contracted with minority firms for services, conducted extensive studies of credit needs in low-income communities, intensified marketing and outreach activities, and reviewed underwriting criteria for loans. Lending criteria have become more flexible, mortgage loans have increased, community development projects are receiving investments, and the banks are participating in governmental development finance programs.

In one such program, bank-owned lending corporations are being

the financial institution. Typically this has happened in urban areas where there are community organizations with sufficient capacity to design feasible development projects. The resulting agreement is characterized by a comprehensive delineation of future lending obligations, including specific dollar commitments and loan types (housing, small business, minority enterprise, etc.)

It authorizes non-traditional forms of equity, income, and collateral and sets time limitations for processing loan applications. To ensure continuous community input, oversight committees are established with regularly scheduled meetings of community representatives and lenders. Finally, the agreement assigns individual lending officers with responsibility for community reinvestment and liaison duties.

The second form of agreement has been used in less organized areas. These agreements tend to be statewide, and have generally been negotiated by

legal services programs in a non-adversarial atmosphere. The lender typically pledges to extend credit to worthy applicants regardless of income level or location. Although earlier agreements of this type did not specify dollar amounts, a recent lending agreement negotiated by Florida legal services attorneys with the Barnett Bank included a \$50 million commitment. The financial institution usually agrees to conduct a needs assessment within the local community and to establish a position responsible for community affairs and investment. This type of agreement stresses the development of relationships as well as institutional change.

There are four possible explanations for the emergence of these two unique forms of lending agreement: different problems are being addressed; similar problems are being interpreted differently; organizational bases and community histories are different; and expectations of results differ among communities.

developed in a number of Florida cities by the Black Business Investment Board, a \$5 million state finance agency. In conjunction with a national foundation, other banks are attempting to form a statewide financial intermediary and technical resource center to serve community development corporations (CDCs). In Miami Beach, a group of banks is working with a CDC to form a lending consortium for apartment and hotel rehabilitation.

In addition, CDC housing projects with over 400 low- and moderate-income units are being directly financed, with flexible rates and terms, by banks throughout the state. A recent legal services study estimates that over \$100 million has been invested in Florida's low- and moderate-income areas by banks that have signed lending agreements.

Some banks have spurned the negotiation/mediation model. Hibernia Corporation, a New Orleans bank holding company, found its application to purchase a small Louisiana bank delayed for almost a year because it refused to negotiate with ACORN, a grassroots citizens' organization. At a private meeting with Federal Reserve Bank officials, the bank said it was already meeting "the convenience and needs of the New Orleans community" and therefore would not meet with ACORN representatives. ACORN's research showed that although New Orleans is 60 percent black, Hibernia loaned seven times more money for home purchases in white neighborhoods than for homes in black neighborhoods.

After costly delays of its acquisition plan and a public hearing by the Federal Reserve, the bank finally negotiated. The Hibernia application, approved in July 1986, contains a detailed statement of credit commitments to low-income residents and in effect is a lending agreement with the Federal Reserve Board. ACORN reports it has negotiated CRA agreements with banks in St. Louis, Phoenix, Philadelphia, Washington, Baton Rouge, and Denver.

LESSONS FOR YOUR COMMUNITY

Through a series of steps, local communities can create the foundations for economic development partnerships with financial institutions—even without filing a CRA protest. Here's what can be done, with advice and assistance from groups listed in the resource section:

- Prepare a credit-needs statement in the form of a community strategic development plan. In this plan, document the need for housing, small business, and community development credit. File the plan with all federally chartered and insured financial institutions and with their regulators. The plan should outline the developmental growth and prospects of the community based on information derived from Home Mortgage Disclosure Act data, census data, Housing Assistance Plan reports, surveys of housing conditions, and surveys of residents and businesses. Critical local issues, such as housing deterioration and lack of equity capital for small businesses, should be outlined. A statement of goals and objectives, along with a list of resources and a strategy for meeting these goals, should conclude the plan.

- Conduct meetings with *senior* management of each local institution and discuss your findings, areas for improvement, and specific programs and projects that need lender commitments.

- At the time of mergers and acquisitions (especially by out-of-state institutions), correspond with and visit the institution to discuss concern for the potential impact of the merger on local credit needs. Bankers tend to be more receptive when an important merger or acquisition requires regulatory approval. Closely examine the CRA record of an out-of-state acquiring institution; identify an exemplary CRA record (possibly from another state) that can be a model for your community.

- Undertake an outreach and marketing effort, including workshops on public and alternative financial resources and written materials to help lenders select worthwhile projects and programs. In one example, the Massachusetts Urban Reinvestment

Advisory Group (MURAG) has conducted monthly "banking forums" since 1982, bringing together bankers, local government officials, and community development leaders to discuss common issues and to "network."

- Stay abreast of changes in the local and national capital markets and bank environment. Many states, Kentucky for one, have a national "trigger" for interstate banking which will allow large money center banks to acquire local institutions. In Texas, previously reluctant to allow any interstate banking, a bill will soon pass to allow such activity.

- Carefully consider the circumstances and objectives of your organization's constituents before attempting to secure an agreement with a financial institution. *While it is relatively easy to initiate action by lodging a CRA protest, the process of negotiating and finalizing an agreement is complex and will have broad ramifications for years to come.* Seek the assistance of experienced reinvestment organizations such as the National Training and Information Center of Chicago, the Center for Community Change in Washington, the Massachusetts Urban Reinvestment Advisory Group in Boston, and the National Economic Development Law Center in Berkeley (*see resource section*).

The success of community organizations and legal service attorneys must be tempered with the realization that bank trade groups and lobbyists could mount renewed efforts to repeal CRA. The turmoil in the banking industry will likely continue for several years. Businesses and developers who can cultivate contacts with a variety of lender sources will always have access to capital. Now is the time for community development practitioners to establish the same favorable financial position by increasing their awareness of financial markets, their understanding of regulatory mechanisms like CRA, and their preparation of specific and well-informed strategies and development plans. □

James Carras, an instructor at M.I.T.'s Department of Urban Studies and Planning, is president of James Carras Associates, a community and economic development consulting firm located in Fort Lauderdale, Florida.

Workers' Rights in the Heart of Dixie

By Arlene Sanders

One hundred years of "New South" development policies in South Carolina have made industrialists the "fourth branch" of government, especially in the upland counties that now straddle Interstate 85. As a consequence, workers remain unorganized, uninformed, and underpaid. The Palmetto State ranks 50th in per capita union membership, 50th in voter participation, and 48th in per capita income.

Since 1980, the Workers' Rights Project, more commonly known as WRP, Inc., has used a strategy of public education, worker mobilization, and political action to create a climate for employment reform. Begun as a project of Southerners for Economic Justice, it has evolved into an independent membership organization of workers led by a member-elected board of directors, with one full-time staff member and a lawyer on retainer. Its efforts, based in a small Greenville office, are financed by foundations, church funds, and local fundraising (20 percent), including members' dues, raffles, benefit concerts, and other high-profile events.

Over the past few years, WRP has demonstrated that educating the so-called beneficiaries of development policy — the work force — can reshape the ways that local government deals with industry. To get a flavor for what WRP is up against, remember that Greenville's elite has turned away

more than one industry that paid too well or seemed too soft on unions (see *Southern Exposure*, Spring 1979).

WRP's primary emphasis is getting information about employee rights to workers through leafletting, public hearings and presentations, "job rights clinics," a call-in service, and publications such as the "Basic Guide to Workers' Rights."

Surprisingly, several thousand workers have participated in WRP programs in this unionphobic region. In several cases, WRP members have even used concerted action techniques protected by the National Labor Relations Act to raise group concerns and change management policies.

Having an organization "in-place" at a time of crisis proved crucial to WRP's first major public policy victory. In July 1984, the organization was approached by 50 workers who had been fired by a vitamin manufacturer which, it turned out, was simultaneously seeking an \$8.3

million industrial revenue bond from the city of Greenville. The company had replaced the workers with temporary help who were paid lower wages and denied traditional benefits.

As a means of pressuring the company to give rehire rights to the former employees, WRP and the workers waged a highly publicized fight against the city council's approval of the bonds. The workers were never rehired, nor was the bond issue stopped, but public outcry resulted in the subsequent adoption of progressive development guidelines. Companies seeking industrial revenue bonds must now reveal in the application process whether any layoffs or wage reduction efforts are planned, and they must agree to furnish reports every six months so that employment levels can be monitored.

LOCAL EFFORTS to improve the labor climate for workers inevitably lead to the statehouse. State law affecting industrial recruitment, "at-will" firing (employers in at-will states can fire workers on a whim, for good reasons, bad reasons, or no reasons at all), or use of polygraphs (lie detectors) are a few of the issues tackled by

WRP's membership in the past five years. In 1985, WRP initiated an ambitious four-year "Job Rights Campaign" to educate workers about their existing rights, lay the basis for a statewide organization, and generate support for a major offensive to win new protections from the state legislature.

As a first step, WRP Director Charles Taylor announced a series of job rights workshops in key cities. The workshops, conducted by WRP attorney Stephen Henry, provided an overview of employee rights in South Carolina, so that workers could learn what rights they possess and how to get them enforced. The two-and-a-half hour sessions covered topics ranging from age discrimination to polygraph testing. In order to attract working-class participants, they were held at night and cost only five dollars. By the end of 1986, the workshop series had been enthusiastically received by about 50 workers in each of eight cities.

Four hundred workers, plus contacts from people in dozens of towns across the state who have requested various kinds of aid from WRP, is enough of a

base to move ahead. As a focus for its legislative campaign, WRP chose the widespread practice of employer's firing workers who file for workers' compensation. "Retaliatory firing" had emerged as a central complaint among workers from industrial, service, retail, and government jobs. Although an estimated 5,000 South Carolinians are fired each year for filing workers' compensation claims, legislation to restrict retaliatory firings has been consistently shelved.

In late 1985, progressive lawmakers on a legislative committee studying workers' compensation invited WRP to help "get the public involved in the workers' comp problem."

Amendments to strengthen a pending reform bill were drafted, and the committee held a series of highly visible hearings in Greenville, Charleston, Florence and Columbia. WRP helped identify victims to testify and turn out a crowd for the hearings.

Over 600 workers attended the hearings, and the media focused exclusively on the retaliation issue thanks to testimony of the victims. Some testified that in a "production-crazy" environment, injuries often result from running machines too fast. Others talked frankly of slipping into financial ruin after being injured at work. "You would not believe the nightmare we've been through," one victim said. "We are dead broke. My car has been repossessed and I'm behind on the rent. It's hard enough to deal with the fact that I'm 30 years old and may never work again. I'm asking you — no, I'm going to beg you — just pass a law that keeps employers from firing workers disabled on the job."

The captains of industry had targeted this bill for defeat from the beginning. South Carolina Chamber of Commerce vice president Lowell Reese described the effort as "labor unions and lawyer activists trying to create a 'welfare bonanza.'" During the hearings industrialists brought out the standard line that an anti-retaliatory law would hurt industrial recruiting. WRP's Charles Taylor countered: "If a company demands the right to fire injured workers as a condition for moving into South Carolina, why in the world are we recruiting them?"

Publicity about the hearings got the

WRP members announce lobbying plans to protect injured workers



anti-retaliation bill moving, and WRP kept the heat on through a letter and phone call campaign and a group visit to the statehouse at a crucial point. A new law that prohibits the retaliatory discharge or demotion of workers' compensation claimants finally passed. It is stronger than a similar law in North Carolina which only protects partially disabled workers who could fully recover and resume their original jobs. The reform measure became law in May 1986, an event that is incredible when one considers the pro-business economic climate in South Carolina.

GETTING A LAW on the books is no panacea; how well the law gets enforced is the measure of its success, and in this case it's too early to tell. Meanwhile, the opposition in the South Carolina legislature is not admitting defeat. At this writing in November 1986, some of the progressive legislators supporting the bill are under attack for "conflict of interest," because as attorneys they represent injured workers in compensation cases. WRP has jumped into the fray by researching and exposing the corporate ties of the opposition legislators; now it is mobilizing members to write letters on behalf of those under attack.

The inherent weakness in a litigation strategy, as anyone who understands workplace politics knows, is that employers can concoct whatever reason they need to dismiss an unwanted employee. In South Carolina, the burden for proving that a firing is related to worker compensation remains on the employee. But injured workers and their attorneys for the first time now have the means to get into court when an injured worker is fired.

More important than these preliminary gains is WRP's success at getting employees mobilized. The message: political education and action can produce greater citizen/worker power. In the anti-retaliation effort, many workers attended and testified at public hearings for the first time, wrote and called lawmakers for the first time, and observed a legislative session for the first time. For the long haul, that participation is itself more crucial than passage of the bill.

The workshops and issue campaign have also had the effect of developing

new working relationships, and hence alliances, with community groups and statewide groups like the NAACP, AFL-CIO, and the Trial Lawyers Association. The success of the legislative hearings in Florence and Charleston especially demonstrated the value of coalition: blacks and whites participated in equal numbers and thereby contradicted the self-serving perception of local officials that the two communities had different agendas.

Encouraged by its legislative success and the participation at its on-

going series of job rights workshops, WRP is building the framework for a statewide chapter system with an elected statewide board of directors, all to be in place in 1988. It looks like South Carolina will be producing a whole new crop of economic justice experts. □

Arlene Sanders is a freelance writer. WRP's "Job Rights Guide" may be ordered for \$2 from WRP, 1 Chick Springs Road, Suite 110-D, Greenville, South Carolina 29609.

—MY TURN—

Closer To Home



I'm a disabled machinist. I worked at General Bearing with a chemical called Rust Ban 392. It cooked the lower part of my left lung. No respirator, no mask, nothing of no kind. The company doctor recommended me to see a lung specialist, which I did. He wrote back and forth, to the company, trying to get them to take me out of the chemical, which they did not do.

It went on for 18 or 19 months. Then it got to the place that it was beginning to take my strength away from me. I filed for workers' compensation. When I did this, the company terminated me.

The companies tell you one thing, but they do another. As long as you can do their work, you're doing fine. But when you start complaining they call you a troublemaker, because they don't want to hear what you've got to say.

— Mattie Brown, North Carolina

Kids are Work

By Deborah B. Warren

Six Ways Child Care Creates Good Jobs

Child care is a legitimate community economic development (CED) strategy for low-income women. Yet funders, economic development practitioners, local officials, and even women's advocacy organizations often deny requests for financial and technical assistance from child-care providers and advocacy projects. Why this opposition? Says Sophia Bracy Harris, executive director of the Federation of Child Care Centers of Alabama (FOCAL):

"Men, as well as women, are conditioned to believe child care remains the mother's responsibility, rather than a service absolutely critical to society. It is seen as women's work and thus not valued in economic terms. Furthermore, we lack the models of how child care can be translated from family providers to viable businesses. But not only is child care a critical service and a business, it is an industry that women can take control of."

Creates Jobs and Income

Child-care jobs are entry-level jobs, suitable to the skills and educational levels of most low-income women. Some critics of child care as a CED strategy argue that such entry-level jobs are a poor alternative to public assistance. But child-care jobs also provide opportunities for personal growth and mobility. Many child-care workers in the 36 community-based centers belonging to the Rural Day Care Association of Northeastern North Carolina, for example, began as CETA or JTPA trainees, went on to earn their GED, and eventually qualified for the national Headstart Program credential. Child-care workers often develop their skills and later become center administrators or managers of their own centers or home-based businesses.

Child care is a demanding occupation, requiring women to develop a wide range of skills and knowledge that can be translated to other employment situations. Such skills include expertise on infant and child development, children's diseases and illnesses, food preparation and nutrition, first aid, activities planning, record keeping, and interpersonal skills.

Child-care ventures are also labor-intensive operations, with the potential to create large numbers of jobs. Most state licensing laws require ratios of one adult child-care worker for every

four to six children. The 36 community child-care centers in northeastern North Carolina, for example, employ 170 women, all jobs created within the past five years. Though this record cannot compete with Perdue, Inc., whose poultry processing plants in the region employ 3,200 (mainly women) workers, these child-care jobs are vastly superior in their opportunities for training and mobility, in their security, in their relative freedom from health hazards, and in their social importance.

Besides the staff jobs, child care makes it possible for low-income women to work. In northeastern North Carolina, 60 to 75 percent of the 1,900 children served through the Rural Day Care Association's centers come from single-parent households. It is reasonable to conclude that most of these mothers would have great difficulty in securing reliable, decent, affordable, and full-time child care were it not for the Rural Day Care Association's centers. At any point in time, therefore, approximately 1,000 poor, minority women are able to work because their children attend community child-care centers.

Politicians understand the link between child care and economic development, as a recent incident in North Carolina graphically demonstrates:

Alternatives for Children, a community-based organization in Gates County, opened two day-care

centers in 1977 following two years of hard work. Situated in the far north-eastern corner of the state, the county is poor and primarily black. Most of its residents commute to neighboring Virginia for work. Until 1981 Gates County had no industry.

In 1981, the North Carolina Department of Human Resources told Gates County that it had no more money to support its day-care centers. The centers were almost entirely dependent on state subsidies. Parents were notified by the Department of Social Services that the centers would close in ten days. Meetings were set up with local and state officials, but to no avail.

The next week, Governor Jim Hunt came to Gates County to cut the ribbon for the county's first industry, a cut-and-sew plant which, incidentally, was hiring all women. Local dignitaries were not the only participants at the ceremony. The 50 children served by the centers also came, bearing signs which read, "DAY-CARE FOR WORKING MOTHERS, KEEP OUR DAY-CARE CENTERS OPEN." The governor promised that he would do what he could. That next week, Alternatives for Children was told that the state had found enough money to keep one center open. And somewhere close to 25 mothers were able to work at the new apparel plant.

Finally, child-care operations require little capital investment for the number of jobs they create. The estimated cost of opening a center that serves toddlers in northeastern North Carolina is currently \$8,000 to \$10,000. In almost every case, facilities are donated, loaned, or leased, and renovations are achieved through volunteer labor and free materials. Thus a job can be created at a unit cost of approximately \$2,200. In contrast, the unit cost of creating a job at a worker-owned hosiery mill in North Carolina in 1984 was approximately \$17,000.

Income supplements should be a critical component of any women's CED strategy, particularly in rural areas. Child-care ventures can effectively supplement the incomes of low-income women by providing opportunities for part-time work, particularly in home-based situations. Not only do home-based providers get actual



Photographs from the Rural Day Care Association of Northeastern North Carolina

cash income through fees, but they can reduce their income tax payment by deducting on a prorated basis some normal living costs as business expenses, as well as by taking depreciation allowances on equipment, appliances, and furnishings. Such supplements often mean the difference between mere survival and a decent standard of living.

Fits into a Growth Industry

2 There is no question that a growing demand for child care exists. Nationally, over nine million children under the age of six have mothers in the labor force. Projections for 1990 yield almost 3.4 million more children under six with working mothers, a 38 percent increase since 1980. In the years between 1970 and 1984, the percentage of children under three with working mothers rose nearly 30 percent; that increase was 95 percent for children under one year of age.

Corporate America recognizes the profit and growth potential of the child-care industry. Kinder Care, based in Montgomery, Alabama, owns and operates more than 1,000 centers nationwide. Other for profit child-care companies with exceptional growth records include Daybridge Learning Company (a subsidiary of ARA), Gerber Childrens Center (a subsidiary of Gerber Foods), La Petite

Academies, and Children's World (a subsidiary of Grand Met USA). These four companies each own and operate hundreds of child-care centers.

Moreover, this demand is fueled by both the private market and a public subsidy system. Two-parent professional working families create a rapidly expanding private fee market, stimulated by child-care tax credits at the federal and sometimes the state level. Public funds from the federal Social Services Block Grant program and from state appropriations help to support child-care slots for low-income children. Though woefully inadequate, such public funds provide a source of income for community-based centers and individual providers serving low-income, particularly female-headed households. It is important for low-income communities to capture these public funds which, in some states, can go to for-profit providers, or which fail to reach the community at all when no certified centers exist.

Serves Low-Income Community Needs

3 The lack of decent and affordable child care is frequently the greatest barrier low-income women face in securing employment. After pleading and begging their mothers, neighbors, aunts



and grandmothers to babysit one more time until other arrangements can be made, women often are forced to quit working. In 1983, two-thirds of the women in the labor force were either single, widowed, divorced, or married to a man whose income was less than \$15,000. A great proportion of these women headed single-parent households. In 1983, one in five children lived in a single-parent household. This number is projected to increase to one in four children by 1990. It is clear that low-income women sorely need

decent, affordable child care for their children if they are to go to work.

The problem also exists for working-class families, caught in the squeeze between ineligibility for public subsidies and the unaffordable fees of center-based or other quality child-care arrangements. Although they usually can afford to pay, even middle-class families often cannot find satisfactory child-care arrangements, particularly for infants.

The need for child care is both a

quantity and a quality issue. There are 22,000 licensed child care centers in this country today, about half of which are for-profit operations. Assuming that each center serves an average of 25 children, this means that 550,000 children are now attending child-care centers. Surely those remaining 8.5 million children under six with working mothers are not all adequately served by the extended family, individual providers, or exempt church-run centers.

4 *Develops Management and Entrepreneurial Skills*

A CED strategy seeks to develop opportunities for increasing the management and entrepreneurial skills of low-income community members. Child-care center managers frequently come from the ranks of child-care workers, community activists, or concerned parents. Home-based child-care providers are, in fact, independent, self-employed small businesspeople. There are few other opportunities in low-income communities for women to develop the skills needed to manage or own ventures that are self-sustaining and sometimes even profitable.

5 *Promotes Community Control*

One primary goal of a CED strategy is to increase the control of a low-income community over its resources and institutions. Nothing is more important to the future of a community than the development of its children. Most communities have little control over the schools that their children attend. They can, however, readily control the community's preschool institutions by creating community-based child-care centers or by bringing home-based providers into a community-supported network.

In northeastern North Carolina, community child-care centers have provided an opportunity for women to develop skills which are then used in other economic and political arenas. To survive, these centers have to act as effective advocates before local and state governmental bodies and with local social services agencies. The ex-

The Home-Based Provider Network

The vast majority of child care in this country is delivered by home-based providers. (North Carolina law generally limits home-based care to five full-time children; most states have similar limits.) Though serious questions about the quality and even adequacy of this type of care are raised, parents often prefer home-based care. It can provide more flexible operating hours, it may be geographically convenient, sick children can be more readily cared for, it is generally cheaper, and the setting is more intimate than center care.

From the provider's perspective, the licensing requirements of home-based care are less strict, complex, and costly. The provider can turn her own home into an income-producing asset while caring for her own children as well. Finally, home-based care can serve small numbers of children and requires only minimal investments in furniture and equipment.

Like most marginal small businesspeople, home-based providers usually lack the resources and the time to obtain extensive training in child development, business management or financing. However, an umbrella support organization like the Community Improvement Coalition of Monroe County, Georgia can provide such training, technical assistance, and advocacy, much as the Rural Day Care Association and FOCAL provide these services for center-based providers.

Located near Macon, Georgia, the Community Improvement Coalition of Monroe County serves as the sponsoring agency for 20 home-based providers — all low-income black women. Because this group is able to serve as a sponsoring organization, the home-based providers can participate in the U.S.



Department of Agriculture's Child Care Food Program. This means that each provider is reimbursed approximately \$2.20 per child for meals. For a provider serving five children, this program provides an additional \$212 per month for five children, or \$2,544 per year.

The sponsoring organization's responsibilities are not burdensome. It must regularly monitor the nutritional content of the food as well as provide training in child nutrition. The benefits to the sponsoring organization are ample. The Community Improvement Coalition receives \$50 each month for each provider enrolled. With 20 home-based provider members, this means \$1,000 per month for the organization. This \$1,000 can support a staff person who can both oversee the nutritional programs of the home-based providers and provide training in child development.

Broader roles are possible for the community-based sponsoring organization. It can provide health screening, with reimbursement

from the Medicaid-funded Early Period Screening and Diagnostic Testing (EPSDT) program. Technical assistance in marketing, business management, financing, and ongoing program enrichment can be offered. A resource library of toys and other learning aids can be developed. Finally, the support organization can establish quality control mechanisms to strengthen the reputation of each individual provider.

Home-based care need not simply be a form of income supplementation for women. ASIAN, Inc., a community organization based in San Francisco, estimated in 1981 that a provider serving six infants and toddlers who participated in the USDA Child Care Food Program could net \$15,000 income per year. Though the going market rate for home-based care in rural areas in the South is probably two-thirds of the rate estimated in the California study, a \$10,000 net income in 1981 dollars is still a substantial income for most low-income women. □

An Effective Voice of Unity

Northeastern North Carolina is poor. Seventeen of the 18 counties represented by the Rural Day Care Association have poverty levels higher than 20 percent. Though black people are 40 percent of the population of this region, they comprise 90 percent of those living in poverty. Such poverty is perpetuated by poor schools and high dropout rates, inadequate health programs and disproportionately high rates of illness, and "economic development" efforts which manage only to recruit more low-paying, labor-intensive industry into the area.

In the late 1970s, grassroots efforts to create and provide child care for poor families existed through a patchwork of black community-based child-care centers. Directors of centers separately struggled to raise the funds to obtain certification for the Title XX child-care slots that help low-income families to afford child care. At the same time, many of the northeastern county social services departments were returning child-care funds to the state, citing a lack of need for this money.

In 1978, center directors met with other concerned people — parents who worked for minimum wages miles from home and who could not afford child care, teachers hoping to better prepare black students for public school, and child-care workers frustrated by the lack of adequate resources and facilities. The creation of a united voice for child care — the Rural Day Care Association — emerged from these meetings. Today, the Rural Day Care Association is guided by its board of directors — child-care center directors from each of the 18 counties included in the association. Some of their accomplishments are listed below.



Development of a strong alternative delivery system of child care.

In 1977, there were seven certified child-care centers providing subsidized care in all of northeastern North Carolina. Today there are 36 certified centers serving 1,900 children and their families, including five new Headstart programs. These centers have directly created more than 170 much-needed jobs in the region. Moreover, it is estimated that these 1,900 slots bring in \$3.8 million annually in subsidies to the region. The 170 workers add nearly \$2 million in payroll, while those mothers who otherwise would not be able to hold down jobs bring in approximately \$10 million to the region. In sum, the Rural Day Care Association delivers more than \$12 million to northeastern North Carolina, and also provides summer child care and health services to 45 children of migrant workers in two counties.

Local, state, and regional advocacy for increased child-care funds for the region. The Rural Day Care Association challenged the state's annual allocation of child-care sub-

sidies on the basis of population density rather than need. This system traditionally benefitted North Carolina's growing and more prosperous metropolitan areas, at the expense of poorer rural areas. As a result of advocacy efforts, the Office of Day Care Services initiated a special project in 1981 to develop child care programs in underserved areas of the state. Ten counties in the northeast were targeted and \$300,000 was set aside for start-up grants. 1984 was the first year that each county in the northeastern region used all of its child-care allocations. And in response to local advocacy efforts, many counties have requested additional funding. Finally, in 1985, the state legislature changed the formula for allocating child-care funds so that 50 percent of the allocation is now based on need. It is estimated that the northeastern region of the state is now eligible for more than \$2 million in additional child-care subsidies.

Education of Public Officials. The Rural Day Care Association has also challenged local governments



to support child care. One association board member convinced the city of Roanoke Rapids (home of the J.P. Stevens labor union fight) to apply for a child-care center start-up Community Development Block Grant. The grant was written and approved, a new center was built, and the center is run by a charter member of the association's board.

Education of local officials about the importance of child care has been a priority of the Rural Day Care Association. Sprinkled throughout the hundreds of members attending the association's annual membership meeting are county commissioners, city council members, state legislators and even a Congressman or two. Northeastern North Carolina Tomorrow, a regional commission which generally focuses on traditional economic development strategies, has elevated the issue of child care from a "welfare problem" to a viable development approach. The commission's plan of action now includes a resolution to develop funding for community-based child care in the region. □

perience of public advocacy for child care has been critical to the development of minority women leaders in the region. In Alabama, for example, the Federation of Child Care Centers devotes much of its resources to its Black Women's Leadership and Economic Development Project, believing that change at the local level, in child care or in any other facet of life, will come about only if community people realize their own power and potential.



Stimulates Ancillary Businesses

In developing a comprehensive CED strategy, the community must look at the potential of any venture to create spinoffs that it can own and operate. Child-care ventures have the potential to generate service ventures such as food preparation, health screening, and transportation; and production ventures such as the manufacturing of toys, playground equipment, and furniture. The Rural Day Care Association of Northeastern North Carolina, for example, is studying the feasibility of a playground equipment manufacturing venture to help support its operations. The idea came to the association after it realized that it had paid hundreds of dollars for a piece of playground equipment that can be made for less than \$20.

The Barriers

In sum, child-care ventures make good sense as projects for low-income women. But why has development been so limited? What are the barriers to creating child-care ventures in the face of growing demand, clear-cut need, and ability to pay?

The first and possibly most important barrier to the development of community-based child-care ventures is attitude. Child care is not perceived as a legitimate economic development venture and thus it is denied assistance from those church, foundation, and government funding sources that give money to economic development projects. This attitude stems from the belief that as women's work, child-care jobs are not real or remunerative jobs. There is no question that child-

care providers are poorly paid. All work, however, that was originally provided by unpaid labor in the home is poorly paid. In fact, child care pays as well as most manufacturing jobs held by women in the South.

Other barriers to the development of community-based child-care providers include:

- the difficulty of locating suitable facilities available for center-based care;
- the costs of acquiring, renovating, and equipping centers relative to the resources available to the community;
- the detailed government regulations which affect the start-up, acquisition, and ongoing operation costs;
- the government licensing regulations and processes which greatly discourage potential child-care providers;
- the rising cost of insurance coverage;
- the lack of knowledge needed to start up and operate a child-care facility; and
- the low wages, social value and self-esteem associated with child-care work.

Strong support organizations for child-care providers can overcome these barriers. But their establishment will require the commitment of local providers and concerned citizens, as well as the financial support of churches, foundations, and other community-oriented funding sources. The payoffs can be substantial. Not only has the Rural Day Care Association of Northeastern North Carolina, made it possible for more than 1,000 single parents to work, but its advocacy has meant millions of dollars more for subsidized child care in a poor remote region of North Carolina. □

Deborah B. Warren is the community economic development specialist for the Legal Services programs in North Carolina. Information about the Rural Day Care Association was provided by Carol Solow, now working in Seattle with the Washington Association for Community Economic Development. This article originally appeared in a special edition of Economic Development & Law Center Report on women. This Spring, 1986 issue is available for \$3 from the National Economic Development Law Center, 1950 Addison Street, Berkeley, CA 94704.

Casting New Nets

Ask someone what churches are doing in the area of economic development in the South, and you probably won't get much of a reply. Yet church groups have been a source of hope, funding, and technical assistance for a myriad of community-based efforts for many years, especially through programs sponsored by national and regional church offices. These programs have been vital to the development of communities, but generally they have failed to link local church members with the folks "across the tracks."

The current economic crisis has generated a resurgence of church commitment to "help the poor," especially the victims of massive plant closings. Although some national funding offices are buying the "Reagan recovery" line, many church leaders are grappling seriously with economic

policy and trying to build a constituency for economic justice within church ranks. The most publicized effort is the U.S. Roman Catholic bishops' pastoral letter "Economic Justice For All," which calls for serious changes in economic relationships. Less publicized efforts are afoot in almost all the other major denominations, too. These efforts are encouraging to all of us who persist in the often unpopular fight for economic justice.

The key question for the future is whether churches will be able to engage their membership in efforts to develop alternative economic thinking and programs, national and local. In this section you'll find some examples of what church groups can do, as well as some program ideas that might broaden your notion of what economic development work is all about. □



Faith, Trust & Movement

By Louis L. Knowles

Most financial decision making is a matter of who trusts whom. Anyone who has read the account of the Penn Square Bank debacle in Oklahoma's oil patch knows that supposedly conservative bankers can trust some pretty strange people.

Too often the financial world is ready to listen to someone who arrives in a Lear jet and Gucci shoes and reject with equal quickness someone it perceives as being from "the wrong side of the tracks." It is rare to find a banker who will roll up his or her sleeves and wade in to sort out the financial wheat from the chaff in a neighborhood where blue collars outnumber white.

With public opinion swinging back toward "blame the victim" (being against racism and classism is "out"), the problem of trust has become more acute for low-income people. Do you

trust this person with a job? Do you trust that one with a bank loan? Do you trust this community organization to develop a community-owned grocery store? This climate makes it increasingly difficult for people who control resources to perceive low-income men and women as worthy of trust.

Religious organizations can do something about this unhappy trend. No, they can't shovel money out the door as fast as the federal government used to. But that isn't what's needed, anyway. Far from needing bigger and more elaborate patron/client relationships, we need people ready to find and form genuine partnerships.

The search for partners should begin where it is easiest: among those who share bonds of a common faith. Religious fellowship brings people together who are separated by practically everything else in their lives.

But even with a common bond of religion, finding partners for development requires major expenditures of energy. Our communities are full of barriers, whether in small towns or in large cities where urban-suburban geography seals off the life of the inner city from the lawn-and-barbecue set.

Churches and synagogues — local congregations — can bring a much needed sensitivity to community development. Significantly, I use the term "congregation" rather than a more general term such as "organized religion." National churches are fond of creating a program priority, such as minority economic development, and then setting up a new bureaucracy to implement the priority. This is a convenient way of excusing the local church from responsibility.

Within congregations is where most of religious life happens. It is there



that the expertise and resources of the laity are stored. It is within congregations that power resides to transform communities. Regional church structures are necessities, but they always create the danger of taking away the debate about mission from the people who occupy the pews.

Community development corporations would do well to re-examine their relationships to congregations in their areas. Community and economic development leaders must ask hard questions about why they don't have more active support from religious groups.

Resources of time and money may be hidden beneath the surface of a low-profile congregation. That tiny Methodist chapel down the street could apply for a national Board of Global Ministries development grant; or that Baptist church whose only neighborhood impact is a Sunday morning traffic jam could very well get involved in organizing a community development credit union with deposits from national church agencies.

Most congregations have become accustomed to providing social services. Emergency food distribution, child care, and senior clubs are fixtures in urban churches. Many service programs receive funding from congregations in more affluent areas. But without bonds of trust, relationships between affluent and poor communities remain at the level of charity. Now is the time for clergy and lay leaders to be challenged to begin trusting the community they service to develop itself.

Specifically, religious congregations can play four important roles in support of community economic development:

Community Catalyst. A local congregation or a collection of churches and synagogues can trigger community organizing campaigns through bringing together community leaders and professional organizers.

Bridge Between Communities. Congregations can utilize their relationships with other faith communities to bring together neighborhood leaders and people with financial and intellectual resources from outside the neighborhood.

Benevolent Investor. Religious organizations can utilize both cash flow and reserves to benefit the community. Small congregations without financial reserves can help organize a community development credit union and apply for loans from national agencies. Churches and synagogues with greater resources can invest directly in projects. In pursuit of democratic development goals, religious groups should be prepared to accept a higher risk and lower return than conventional investors.

Source of Volunteers. Religious organizations are a prime source of volunteers to fill community leadership roles. They also are an important source of professionals, attorneys, accountants, and planners who can donate services to projects and organizations.

Individual projects, though, will have only the tiniest impact unless they become the foundations of a movement. Perhaps that term is a key;

we have relied for too long on bureaucratic initiatives from national churches, despite the fact that the transformation of low-income communities can come only from a grassroots movement within religious networks.

"Movement" implies a groundswell of activity which comes from the ranks of those who fill pews, attend seminaries, and occupy pulpits, large and small. It means people from different areas staying in touch, borrowing models, and building cooperative strategies to open more channels for social investments by national and regional religious bodies. □

Louis L. Knowles is director of the Religious Philanthropy Program of the Council on Foundations in Washington, D.C. This article originally appeared in a special church issue of the newsletter Resources for Community-Based Economic Development (August/September 1986), available from the National Congress for Community Economic Development.

Louis Knowles' article was written in preparation for a September 1986 midwest regional conference on congregations and community economic development. The National Congress for Community Economic Development is considering sponsoring a regional conference in the South. Anyone interested should contact Robert Zdenek at NCCED, 2025 I Street, N.W., Washington, DC, 20006 (phone: 202-659-8411).



Widening Your Circles

Regional church bodies are in a unique position to bring together people, including community leaders, from diverse backgrounds. Take the experience of the West Virginia Council of Churches, an ecumenical body of mainline denominations. In September 1986, it sponsored a series of forums on West Virginia's economic development policy. Participants from business, labor, government, community groups, and the public were invited to sessions called "The Ethics of Economic Development."

The purpose was twofold. First, the council wanted to open new channels of dialogue, and the range of participants attests to its success. They included the state's assistant treasurer and investor, the Episcopal bishop, representatives from the United Mine Workers and W.Va. Public Employees/AFSCME, the commissioner of the state department of agriculture, officers of the state chapter of the National Organization for Women, president of the state chamber of commerce, the majority leader from the state senate, the economic development assistant to Congressman Bob Wise, activist leaders, academics, other labor leaders, and managers from the worker-owned Wierton Steel.

Second, says Carol Sharlip, who

helped organize the forums, "We wanted to inject the question of human values and ethics into the economic development discussion, to broaden the discussion beyond the profit-and-loss mentality." Each conference included lots of room for audience participation, sessions on topics like "Local Development Initiatives and Out-of-State Businesses in West Virginia Communities," and side-by-side presentations by such unlike minded individuals as the heads of the state department of commerce and the Charleston-based Women and Employment. The three forums, held at the state capitol, were structured to allow presentations by speakers on assigned topics, then discussion by a panel of participants.

According to Sharlip, people came prepared to talk, and many participants heard from "the other side" for the first time: "Some people said to us afterwards that it was the first time that they had been able to get together with members from some of these other communities. We feel that some very useful contacts were made, and there's going to be some continuing relationships formed and some continuing dialogue."

What's next? Council leaders realize that their message of a coordinated,

critical approach to economic development didn't reach as broad an audience as they had hoped; attendance by the general public was slim. The council now plans to publish some of the papers from the forums, distribute copies to county commission offices statewide, and get edited versions published in the state's newspapers.

Council staff did considerable research to prepare for the forums, and that research has suggested some vital program areas for the future. For example, having learned that buying locally boosts the local economy (profits aren't extracted), they are considering publishing a "Buy Local" directory of state businesses to distribute to West Virginia churches.

The research and the forums have given the council a credible base in the area of economic development and set the stage for additional forums and further work. "On the basis of work we had done with the forums, a council representative was invited to participate at a legislative committee meeting on economic development," says Sharlip. "We've also been asked to speak to church gatherings. It's really one of those things where you drop a pebble in the pool and the circles kind of widen out." □

The Ethics of Economic Development



West Virginia churches held public forums on the economy.

Lead Us Through The Valley

By Marie Hurley Blair

The mystery of how economic decisions are made, by whom, and where is enough to discourage many community people from trying to influence the process.

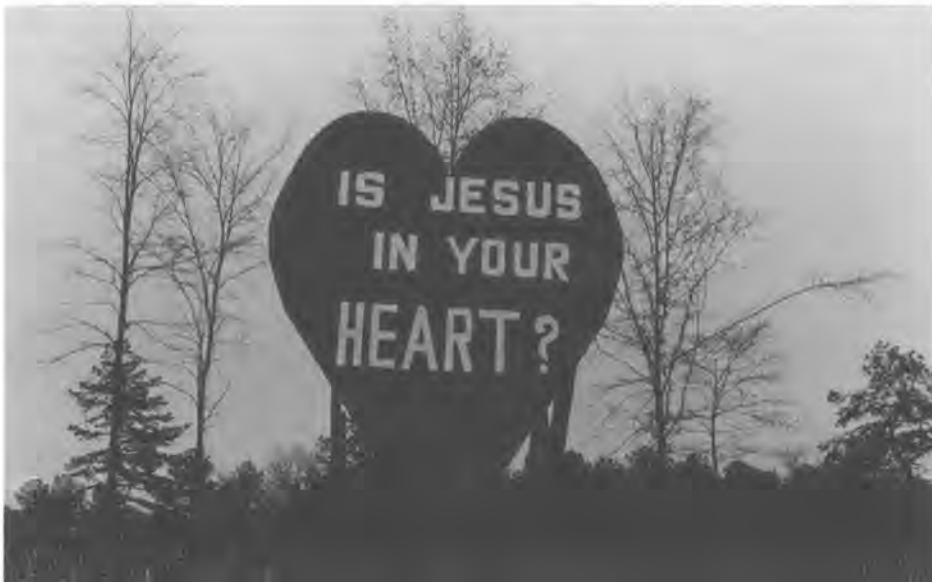
The language of federal regulation often appears burdensome and obscure. The code of economic development frequently requires translation. So how did a group of church and community activists in Birmingham, Alabama make politicians accountable for the use of federal funds targeted for the economic benefit of low and moderate-income people?

Called the "Pittsburgh of the South," Birmingham experienced a

severe recession in the early 1980s when its industrial base shrank drastically. Plant closings and cutbacks resulted in the permanent loss of about 14,200 jobs, according to a United Way-sponsored study. The city has long depended on its manufacturing jobs, particularly in railroad car and steel production, and the transition to a service-dominated economy is slow. Health-care services now employ 11 percent of the area's total work force, but unemployment remains a significant problem, especially for the dislocated industrial worker. The current unemployment rate of about nine percent, representing about 37,000 jobless individuals, is down

from 13.1 percent in 1983 but still well above the national average of 7.1 percent.

A key organization behind community efforts to confront the city's economic troubles over the past decade has been Greater Birmingham Ministries (GBM), an ecumenical urban-mission agency supported by eight denominations. In the late 1970s, staff associate George Quiggle led GBM into neighborhood organizing to meet the needs of the poor and unemployed, with an agenda based on three guidelines: neighborhood leaders would take responsibility for their own communities; GBM would help empower them to meet their



desired goals; and GBM would use its leverage to broker power and resources for them.

Quiggle knew that the success of these neighborhood-based efforts would require information, political backing, and strong leadership. He didn't have to wait long for his strategy to be tested. A crisis in November 1978 triggered a series of neighborhood actions that brought all of these elements into play. That month an article in the *Birmingham News* announced the city's decision to allocate the majority of its Community Development Block Grant (CDBG) funds to four neighborhoods. The choice of the four areas stunned low-income neighborhood leaders.

Federal CDBG funds are intended to benefit low- and moderate-income people by developing viable urban communities (see box). Since its beginning in 1975, CDBG has paid out over \$37 billion nationally, and it remains the principal source of federal money for inner-city development. Although the U.S. government provides some minimal guidelines, specific funding decisions rest with the local government. Funds can be used for jobs programs, housing, slum clearance activities, and similar programs improving the "living environment and expanding economic opportunities" for community residents.

In 1977, the U.S. Department of Housing and Urban Development (HUD) began encouraging cities to target a portion of these funds for areas with the greatest need. Citizen participation in developing and reviewing plans was also emphasized in the federal guidelines. Following this federal mandate for citizen input, Mayor David Vann developed a neighborhood structure with its own elected leadership. However, no citizen review had taken place before the announcement of Birmingham's 1978 plan to spend its CDBG money and, to many community leaders, the four neighborhoods chosen seemed more stable and less in need than their own.

At this point, GBM board member Carolyn Crawford did some investigative research. She discovered that in designating the four "strategy areas," the city had made certain



Greater Birmingham Ministries worked with neighborhood leaders to change how federal dollars were spent in the Pittsburgh of the South.

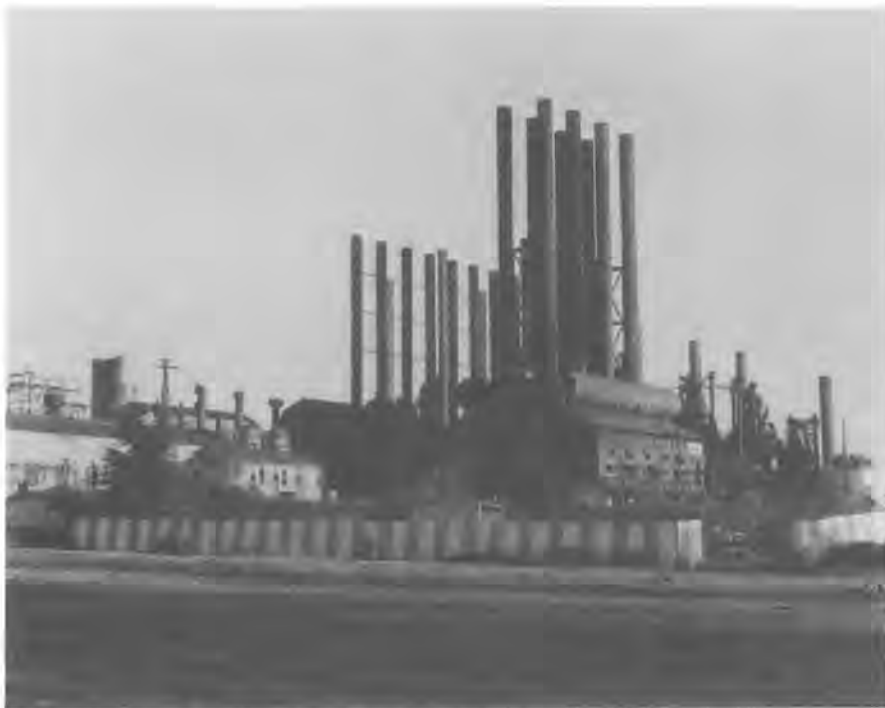
judgments about the health of 91 neighborhoods using its own classification system: "A" meant the neighborhood had a high degree of low- and moderate-income households and blight as well as a greater degree of potential for improving housing or economic conditions; "B" indicated it had a lower degree of low- and moderate-income households and blight and also a greater degree of potential for change; "C" designated neighborhoods with a high degree of low- and moderate-income households and blight and a lesser degree of potential; "D" meant the neighborhood was ineligible because its income level exceeded the federal standard.

Using this system, the city had selected two class "A" neighborhoods and two from class "B" for the bulk of its CDBG funds — i.e., two that were relatively stable and two that were not predominantly low/moderate-income. Crawford characterized the city's action as following the triage strategy

used in medicine: identify the cases with the most potential, work with them, and let those with less hope die. "And that is how we got our start," she said recently, "being an advocate for neighborhoods considered too needy to help."

With GBM's help, the class "C" neighborhoods held a series of meetings. Why, community leaders asked, was the Citizen's Advisory Board — a representative group developed to consult with the city on neighborhood priorities — not contacted before the CDBG funds were allocated? More important, why were these four areas chosen when they clearly did not have the most urgent needs?

City officials responded that potential, not need, had taken priority in their deliberations. The current grants administrator for the city, Jim Fenstermaker, recalls that "the city's philosophy at that time was to hold the



Birmingham's steel mills closed and layoffs of more than 14,000 workers led to the creation of the Greater Birmingham Unemployed Committee.

line on the edges of the city where white flight was occurring with the concept that then the city could return to the inner city and its problems."

Unsatisfied with the city's answers, three presidents from class "C" neighborhoods met during the spring of 1979 to explore options for getting some of the city's poorest neighborhoods classified as "strategy" or target areas for CDBG funds. A follow-up meeting involving "A" and "C" neighborhoods led to the formation of the Low Income Planning Committee with representatives from 30 neighborhoods.

"Before the city designated the neighborhoods, they did a windshield study," one of the presidents remembers. "They drove through the neighborhoods, never stopped and asked us anything. My neighborhood was said to have the highest crime rate, to be a bad place. It had its strengths. They didn't know what we needed. They never asked." The city's designation of some neighborhoods as lacking potential especially bothered local leaders.

Together with GBM and the Center for Community Change in Washington, the Low Income Planning Committee launched a case-study investigation of Birmingham's total

CDBG program. The findings showed that the city's expenditures were inappropriate, and GBM filed an administrative complaint with HUD charging that Birmingham officials had ignored the needs of poor communities. The following year, HUD instructed the city to devote part of its \$4.3 million in CDBG funds to activities in neighborhoods with a higher level of need.

It was a tremendous victory for the neighborhoods. But the worry continued. Why did city bureaucrats hold such negative views of low-income communities? Newly elected Mayor Richard Arrington demonstrated a more positive attitude, but one council member described granting aid to poor neighborhoods as "pouring water down the black hole." Distrust existed on both sides, in the city's Community Development Department and among the leadership of the Low Income Planning Committee.

Neighborhood representatives continued to meet to consider how they could take more control of their destinies and overcome the city officials' negative perceptions of their potential. The result was Neighborhood Services, Inc. (NSI), a community-controlled organization devoted to "capacity building" in 31

low-income neighborhoods — that is, developing resources and potential through leadership training, project development and advocacy.

In 1981, the city council approved the creation of NSI by a narrow 5-to-4 vote. "From day one NSI was going to be looked at with suspicion," says GBM board member Charles Moore. "There was built-in tension." The neighborhoods had challenged the city officials to legitimize NSI's existence, but to challenge them further posed difficulties since NSI's funding came from Birmingham's CDBG money, beginning with \$200,000 in May 1981.

Many at NSI view Greater Birmingham Ministries as their parent organization because of the role GBM played during its formation. George Quiggle understood neighborhood residents and city politics, which made empowerment and careful strategy possible. Carolyn Crawford applied a shrewd sense of what to look for in her research, which gave community people the information and confidence they needed for effective action. "The case study gave neighborhood people the fuel they needed," recalls Sarah Price. "We got angry at being told we weren't worthwhile. Together [with GBM] we put in long, hard nights. This organization did not come by a whim, but long, hard work."

NSI is currently being criticized by some managers in the city's Community Economic Development Department and HUD for not accomplishing its goals over the past five years. Sarah Price bristles at the criticism: "Who is to say whether we have built up to capacity? How do you measure it? I have learned to talk to bankers, insurance companies, businesses. I have increased my ability to do things for myself. These are capacity-building efforts which could never be measured."

NSI continues to receive CDBG funds, but at reduced levels. Ed LaMonte, executive secretary to Mayor Arrington, emphasizes that the mayor still strongly supports the organization, but budget cuts have affected all city operations. "With federal money diminishing," he says, "this is a period of harsh economic questioning."

Tommie M. Mitchell, president of NSI's board of directors, acknowledges the growing pains of a young organization and the need to establish clear priorities between its original goals of project development and advocacy. But she also firmly believes that NSI has made things happen in her neighborhood which never would have happened otherwise. "NSI built up our confidence," she says.

With its staff's assistance, her neighborhood used CDBG funds to set up a minor home repair program that trained and employed 15 out-of-school youths and improved 32 homes owned by low-income residents. Another success story involved the development of Birmingham's first low-income housing cooperative. A project to redevelop a neighborhood shopping center may now be in trouble because of problems with securing private financing; the city has offered substantial financial help contingent on matching private funds.

Carolyn Crawford, among others, thinks the city has hampered NSI's effectiveness with unreasonable expectations. For example, under a city contract NSI has rehabilitated nine houses for resale to low-income people. The Community Development Department says that NSI is not moving fast enough to get these units sold, but Crawford points out that the problem stems from the unwillingness of lenders to provide loans to potential homeowners. Ed LaMonte acknowledges the difficulties poor people experience, but says NSI must understand the city's responsibility to monitor NSI or lose the federal funding altogether.

In spite of the disagreements, a strong relationship does exist between NSI and City Hall. "Initially, it was adversarial," says NSI executive director Rayanthnee Patterson. "We were always fighting, not complementing each other. However, we are beginning to be a complementary agency to the activities of the city." City grants administrator Jim Fenstermaker agrees. "We are looking to establish a meaningful partnership with the neighborhoods, GBM, NSI. This is recognized in subtle ways. We do need to have some success stories."



Neighborhood leaders meet with Mayor Richard Arrington. Left to right: Charlie Pierce, Eddie Mae Lewis, Tommie M. Mitchell, Arrington, Lee Loder, John Meehan, and Nettie B. White.

Greater Birmingham Ministries and NSI have continued to be partners since NSI's start in 1981. GBM often takes a strong public stance, advocating issues which the two groups have privately discussed. NSI's dependence on the city for its funding makes independent criticism difficult and risky.

Another group has joined this partnership: the Greater Birmingham Unemployed Committee (GBUC). It began during the wave of plant closings three years ago when unemployed workers turned to GBM for assistance. GBM staff associate Angie Wright helped them organize GBUC to deal with unemployment benefits, job creation, and other issues. GBUC has also become involved with monitoring CDBG money and Urban Development Action Grant (UDAG) recapture funds. (UDAG is a federal program designed to reduce economic decay and improve communities through private loans administered by local governments; the interest generated from these loans is called "recapture funds.")

GBUC's involvement in public hearings complemented the larger GBM-NSI effort to insist that public funds

serve the public most in need of help. At a February 1985 public hearing where GBUC members turned out in force, GBM director George Quiggle called for a change in the leadership of the city's Community Development Department, citing problems with the administration's program and policies.

Why was there such a delay in implementing approved neighborhood projects, Quiggle asked, pointing out that HUD had ordered the city to increase its rate of pay-out of unspent CDBG funds in 90 days or risk losing the money. Why had the administrative services of the CDBG budget grown to the maximum percentage allowed by HUD, thus reducing the number of projects funded? And beyond the NSI-related activities, why were citizens not involved in carrying out CDBG programs?

Quiggle also challenged the city to develop specific criteria for allocating its UDAG recapture funds and its one-year-old direct-loan program for economic development projects. Money for these programs seemed to be distributed on a first-come, first-serve basis without regard to need or appropriateness. Already, the city was in the process of granting \$200,000 of the \$350,000 loan program to the Electric Blue Print Company for

speculative office space downtown.

A month after this public hearing, Mayor Arrington met with GBUC and GBM representatives and agreed that criteria were needed to evaluate economic development proposals for CDBG loans and UDAG recapture funds. In subsequent discussions with city officials, a set of acceptable criteria was hammered out and finally adopted by the city council in October 1985. The mayor also agreed to allow a citizen review body to offer informal comments on the proposals before they were recommended to the city council.

The determined effort by GBUC and GBM, with NSI's support, paid off. A strategy team with representatives from the three organizations now meets to review all proposed economic development projects. The primary criteria are that the projects: be labor intensive; provide permanent employment above minimum wage; give preferential hiring to existing workers in the case of a plant closing or ownership transfer; and match jobs to existing skills of the labor force or provide training. A secondary set of criteria gives priority to subsidize projects that hire: the long-term unemployed or underemployed; provide some form of collective community gain; give first-hiring preference to residents of the community or the city; are locally owned and managed; and involve minority ownership and management.

"To our knowledge, all the proposed projects have been given to us for review," reports Carolyn Crawford. "The review process has been effective in at least two ways. It is what ensures that the criteria are actually used rather than shelved for dust collection. Our discussion and rationale reflect the criteria; hence others, from the mayor's office, CD Department, and council staff get used to thinking about the projects from this perspective. Also, we have been able to review the proposals early enough to make an impact."

In February 1986, GBUC and GBM returned to testify at the CDBG public hearing. GBM board president John McClure, board member Greta Clark, and new director Doug Mitchell em-

phasized the need to target programs for low-income people and to assure that publicly financed downtown development projects hire unemployed city residents and "offer new income to previously marginal members of the community." Board president McClure proposed specific changes in the CDBG budget: increasing the public service category, earmarking grant funds for economic development projects, removing a large public improvement project, and transferring the NSI grant from an "administrative service" to a program expense to allow more funds to go into projects.

For the first time, the city responded to these recommendations and placed many of them in the final budget. GBM's credibility and clout has steadily increased, and city officials recognize its vital role in making the best decisions with decreasing federal money. "We all need to focus on getting the most effective programs out of limited funds," says Ed LaMonte of the mayor's office. He predicts that CDBG will not disappear altogether but will continue at a reduced level; one-third of the budget has been cut for the 1986-87 fiscal year. Grants administrator Jim Fenstermaker looks to GBM to help identify worthy projects for CDBG funding. Concludes Ed LaMonte: "GBM has earned a reputation of being consistent, intelligent, and forceful in its registering the concerns of the low-income community."

Differences in perspective continue to exist between the city and the neighborhood groups. NSI and GBM are not downtown-oriented, according to LaMonte, but the mayor's first commitment must be to the economic growth of downtown, because it provides the tax-revenue base for city services. His second commitment is to stabilize and strengthen neighborhoods. Staff associate Angie Wright criticizes this choice of priorities. "It is not enough just to give services if people aren't allowed to participate in the life of the city," she says. "There is something wrong about a commuter-based city when the inner-city residents are unemployed."

Jim Fenstermaker explains the differences in philosophical terms: "GBM looks at the neediest of the needy. We look at how we can achieve the greatest good." From a theological

perspective, the two approaches represent the tension between the Christian ethic of love rendered to the least advantaged and the utilitarian ethic employed by policymakers faced with limited resources.

What are the key elements of this successful work which can be duplicated elsewhere? First, careful research and analysis inform every public testimony, every negotiation, every step taken. This includes being alert to the changing words in regulations which signal shifts in federal policy. It also calls for patient attention to the changes in local leadership. So the second key to success is a commitment to the issues over a long period of time.

Third, political backing on two levels is crucial. At the grassroots, NSI represents 99,000 people living in 31 low-income neighborhoods; this "people power" is not fully realized in electoral activity but is recognized by some politicians. At another level, the presence of Mayor Richard Arrington in office has enabled change to occur. Even though he is pulled by other priorities, his sympathies are with poor people and his intervention has enabled reforms like the creation of NSI and the citizens' review of CDBG funding to pass the city council.

Finally, leadership is essential in community-based struggles. The shrewd sense of Carolyn Crawford, the warm charisma of George Quiggle, the fiery energy of Sarah Price, and the honest insights of Tommie Mitchell are just a few of the leadership qualities which have kept the spirit alive during a decade of work. Perhaps most important, all of these people and others in NSI, GBUC, and GBM have projected a vision which guides their strategy decisions and daily activities. "We are always looking out for the person on the lowest rung of the economic ladder," says Carolyn Crawford. □

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Roll Up Your Sleeves and Listen

By John Bookser-Feister

Homework. Any meaningful church effort to bring human values to economic relationships will require a commitment for church leaders, and ultimately the rank-and-file, to prepare themselves in two ways. The primary step is to listen, and to make that a habit. Over time, listening to the hopes, dreams, and needs of people "on the outside" will provide the opportunity for well-endowed church people to see their faith in a new light. New callings may arise from what they see and hear with their own eyes and ears. Once listening has begun, people of faith will need to take a second step. They will need to find ways to understand what they see and hear in the context of the political and economic structures that shape people's lives.

One Southern model for this approach is a special task force of the Commission on Religion in Appalachia (CORA). CORA was founded during the 1960s' War on Poverty as a

joint effort of 18 Christian denominations to address poverty in Appalachia. It is now involved in social issues in a variety of ways, including conducting social analysis of the region, examining how churches can cooperate locally, and supporting projects promoting systematic change and leadership development. As an ecumenical funding channel for many of the denominations, it now delivers close to \$500,000 annually to community economic and parish development programs in the region.

In the early 1980s, CORA leadership decided to reevaluate its mission in light of 20 years of history. Poverty, obviously, was still widespread in Appalachia. One theme continually emerged during two years of soul searching, analysis, and debate: The structure of the region's economy affects people in a way that defeats any amount of charity. How could CORA deal with *that* problem?

The way it got started was a process that could be replicated by other regional church groups or clusters of congregations. A diverse leadership group (in this case called the Working Group on the Appalachian Economic Crisis) was formed to undertake serious listening and study, then make concrete recommendations for action. With the help of some of the nonprofit technical assistance groups listed in this issue, the working group located consultants to recommend readings and help set up public hearings on the region's economy.

Because Appalachia is so large, four hearings were held: in Chattanooga, western North Carolina, West Virginia, and Pittsburgh. Speakers from community organizations, universities, government planning offices, labor and business groups, and other parts of the community — "experts" as well as working and poor people — were invited to dialogue



Rev. Ivar R. Holmquist

Church Resources

MONEY: A concise introduction to the myriad of church funding offices — there are dozens in the U.S., sometimes several within the same denominational structure — can be found in the 1985 *Grantseekers Guide*. In his article, "An Overview of Church Resources for Social and Economic Justice," the Rev. Lucius Walker explains some of the complexities of seeking church funding and provides a number of useful suggestions. Some funds operate like foundations, and may be queried by mail; others require personal contact through a local church pastor. Regional church offices (dioceses, synods, etc.) often have small funds to disperse.

The first step is to seek out people, starting with other nonprofits in your area, who understand the particular denominational fund you have targeted. For the more bureaucratic funds, you can request a list of groups who have received funding. The names and descriptions of the funded projects will give you an idea of whether to pursue funding for your organization and whom to contact for advice.

Another helpful resource for raising money from religious agencies is "Church Funding Sources," a hefty collection of contact lists, how-to guides, and descriptions of various funding programs. It's available for \$20 from the Women's Technical Assistance Project, Center for Community Change, 1000 Wisconsin Ave., NW, Washington, DC, 20007.

Finally, here are two other useful resources: *Foundations that Support Roman Catholic Activities* describes major Catholic philanthropic organizations (not religious order funds). It's published by the Campaign for Human Development, 1312 Massachusetts Ave., NW, Washington, DC 20005. *Foundation Guide for Religious Grantseekers*, edited by Francis J. Butler and Catherine E. Farrell, contains state-by-state listings and can be ordered from Scholars Press in Chico, CA.

In addition to resources listed throughout this issue, these three items are particularly suitable for church groups.

VIDEO: *Option for the Poor: The Southern Hearings*. 45 minutes. Edited testimony from poor and working people at five 1985 hearings. Issue identification and theological reflection. Discussion/study guide included. Contact Connective Ministries, P.O. Box 2892, Rock Hill, SC 29731. Rental or purchase.

PRINT: *The Best Ones to Speak It Are The Ones That Live It*. 1985 report of the Catholic Committee of the South. Contact Mary Priniski, P.O. Box 2892, Rock Hill, SC 29731. \$2.

TECHNICAL ASSISTANCE: Publications and technical assistance related to socially responsible investment are available from the Interfaith Center on Corporate Responsibility, 475 Riverside Drive, Room 566, New York, NY 10115.

with CORA and other church people from the surrounding areas.

In between the hearings, the working group met several times to reflect, with the help of a consultant, on what they had heard and what they were studying. The group included people from diverse backgrounds and church affiliations, but they reached a consensus on their recommendations. "The hearings were an empowering process for the members," says CORA staff member Tina Willemsma. "The group felt it had to be honest to what they heard in the hearings and reflect that testimony in their final report."

The recommendations for action, if effectively implemented, will mean a change in the way CORA does business. The working group recommended that CORA and its member denominations learn about and try to change public policy, sharpen up their understanding of basic economics, help spread that analysis to others, and establish a partnership with struggling

community groups — all with the direct input of people most affected by the economic crisis. Those recommendations signal a shift toward changing the economy rather than just helping people survive within it. They were recently accepted as policy by CORA's 93 commissioners. A newly formed implementation committee will be working in the coming months to translate the recommendations into practice.

The final report, entitled "Economic Transformation: The Appalachian Challenge," is available for \$5 from CORA, P.O. Box 10867, Knoxville, TN 37939-0867.

INTERVIEW

The Reverend Ivar R. Holmquist, a regional director for the Lutheran Church in America, led CORA's economic working group. In a recent interview with Southern Exposure, he talked about the conversion that his working group experienced.

I think that the working group members were rather overwhelmed by what they saw and heard. It's one thing to read accounts of something; it's another thing to actually go see an area, and then spend a couple of days listening to people who live in that area. When you put it all together, what you see with your own eyes, what you read before and after, what you hear from the people, it just has to hang together, and we found that it did.

At least one person struggled mightily with what he saw and heard. I would say that all of us were changed through that process. The most dramatic moment for me was at Williamson, West Virginia, where the United Mine Workers had been on strike against the A.T. Massey Coal Company for almost a year.

We saw this community that was half closed down. The businesses on the main street, about 50 percent of them were vacant. There was evidence of sandbagging, indications that somebody was afraid of gunfire. There were sandbags at entrances to mines. We saw photographs of persons who had been apparently shot, photographs of mobile homes that had experienced gunfire. We saw people who were caught in the crossfire.

We saw what appeared to be private armored vehicles. We stayed in this old hotel, and there were a lot of men staying there. They all wore these dark blue overalls and bill caps. We discovered that they were a private security force brought in by A.T. Massey. We learned that mine workers in their early twenties had been recruited from a number of places in the country, and they were housed in trailers at the mines, behind fences. They weren't there because they wanted to break the strike; they were there because they needed employment. The security force was there to protect those people, I guess, and the property owned by A.T. Massey.

That's an extreme picture of what's going on. To see the decay — the town itself, the old hotel, the general climate of depression. That was striking.

And where were the local church leaders? Fundamentalist pastors (some were miners themselves) were urging the miners to go back to work. In the mainline churches — which tend to be

made up of people who, for the most part, were white-collar types — they were doing some charitable things, you know, food, clothing, that kind of thing. But they were pretty far removed from what was happening in the community. And even though the pastor may have been empathetic, he would be very much aware that his congregation's empathy was somewhat limited. The limitation of the church's response was also striking.

The whole process of churches holding public hearings on the economy is very powerful. It can be used by individual congregations, but I think it's more likely to be pulled off by a group of congregations, ideally an ecumenical group. I think it should be done community by community or neighborhood by neighborhood in a city. It's a very powerful tool and can be the basis for some healthy dialogue between different elements in the community, including the business community.

I think that what we saw indicates that our system is not working at points, and lots of people are getting hurt, lots of them. And the damage is going to exist for a long time. We met a school superintendent who said, "Well, what's the point in children learning how to read? All they have to do is learn how to press the right picture button on the McDonald's cash register."

That's tragic. We are going to have a generation of kids who are undereducated, and this nation is in enough trouble now with illiteracy. For me, the face of poverty in Appalachia was female, and it was young — it was children. Women and children are paying the primary price.

The big question now is what CORA and the denominations are going to do with our recommendations. It's really too early to tell. One thing that ought to happen, though, is that denominations are going to have to sharpen up their theology to deal with some of these issues. They've got to get into an intensive educational process to help people learn about the economy, how it affects them, and how they can have a part in it. And I think that there's got to be some action. Once the research is done, what's the action plan? I think that should include economic alternatives. □

What The Church Says

The Interreligious Economic Crisis Organizing Network (I/ECON) is compiling a bibliography of statements from major denominations on economic democracy. Contact Conrad Johnson, I/ECON, Episcopal Church Center, 815 Second Ave., New York, NY 10017, for more information. Here is a sample of what the church says:

"Work is intended by the Creator God to be the means whereby men and women participate in this creation. Those policies and decisions that deprive working people of their work also deprive them of their essential human dignity, of their role as God's people building through their own creative energy what Jesus called 'the Kingdom of God' — that good community which establishes justice and peace among men and women and nations. . . .

"As long as the workplace is organized by the artificial division between ownership and labor, it is necessary to support the right of workers to organize and to negotiate for their rights as employees."

—from the 1982 Labor Day Pastoral Message of the Urban Bishops' Coalition of the Episcopal Church.

"The exodus of industry, capital, and jobs from the traditional industrial centers has produced a multiple set of crises: concentrated unemployment, depleted tax bases, frequent school closings, and rising welfare and criminal justice costs. . . .

"1. We call on American Baptists to urge corporations to give adequate prior notice (preferably one year) before closing, provide opportunity for workers to relocate, and where feasible to assist workers who desire to purchase the plant. . . .

"3. We urge American Baptist stockholders to continue to raise the question of a company's accountability to the communities in which its plants are located."

—from a resolution adopted by the General Board of the American Baptist Churches, June 1980.

"The nation's founders took daring steps to create structures of participation, mutual accountability, and widely distributed power to ensure the political rights and freedoms of all. We believe that similar steps are needed today to expand economic participation, broaden the sharing of economic power, and make economic decisions more accountable to the common good. . . .

"In our 1919 Program of Social Reconstruction, we observed, 'The full possibilities of increased production will not be realized so long as the majority of workers remain mere wage earners. The majority must somehow become owners, at least in part, of the instruments of production.' We believe this judgment remains generally valid today."

—from "Economic Justice For All," by the U.S. Catholic Bishops, 1986.

"God's justice is the basic criterion by which we can judge the legitimacy of any economic policy or economic system. . . . To be born Black or Hispanic or American Indian in America is to be born with a sharply diminished chance of worldly success, to face closed doors, to be continually pushed to perform below your potential, to have your personal sense of self-worth and values of your culture constantly challenged. . . .

"Racial and ethnic justice cries out for moral and spiritual leadership in our churches, our communities, and throughout our nation. It is a leadership we cannot pass on to others, but must assume ourselves. . . . What is made by human will and action can be changed by human will and action."

—from "Toward a Just, Caring, and Dynamic Political Economy," a study paper commended by the 1985 197th General Assembly of the Presbyterian Church (U.S.A.) as a basis for policy.

Local Congregations & Economic Development

Kim Zalent

One of the key places in a community where people can get started acting locally on economic justice and development issues is the congregation. There's a tremendous potential for making things happen when dozens or hundreds of people gather each week to reflect on questions of how to live their daily lives in light of their faith.

Congregations are by definition local, but it's not always easy for them to act locally. Sometimes it's difficult to step through the church doors into the community, especially when it seems to take all a congregation's energy just to keep going, just to keep the heat on and the salaries paid.

Other congregations might find that their physical location bears little relation to where their members live. And for congregations blessed with many resources, located in economically well-off communities, there may seem to be little need to act locally on the economic front. But it is usually a simple matter to find a distressed congregation or community nearby and to form an alliance with the people there who can use your resources and experience.

The challenge — and the *opportunity* — is to rediscover and enhance a congregation's locality through community economic development. CED does take time and effort, but it can

also bring a unifying focus to a variety of congregational interests. It can be a revitalizing experience, as many congregations have discovered. And it can mean a renewed sense of mission, new members, and a new effectiveness in addressing basic problems in the community — instead of just dealing with symptoms.

Congregations can also offer a resource that is in very short supply in distressed communities: hope and faith in one's ability to make a difference.

All this may sound like yet another program to squeeze into an already crowded agenda, but in many ways CED involves looking at existing pro-



grams in a new way, and getting more out of them in the process. In addition to supporting the food pantry, for instance, congregations might work with a local community development corporation to create new jobs, thus reducing the need for emergency food. Instead of giving to the United Way, a congregation might put its financial resources into a Buy Local campaign that has much more neighborhood impact.

Every congregation is unique. Every community has its own peculiar tastes. So there is no one recipe for community economic development. Each community has to cook up its own, based on its special set of ingredients — enthusiasm, skills, money, people. What follows is a list of some of the many programs that congregations, community-based organizations, and coalitions have done to promote community economic development. Most of these programs require a variety of approaches, from hands-on work in a neighborhood to lobbying policymakers to publicity and fundraising assistance. It might be helpful to keep a pencil in hand to mark the ideas that look right for your congregation.

HOUSING — A BED FOR THE HOMELESS, OR A BETTER ROOF

Housing programs are one of the most visible and widespread examples of congregations and community groups intervening in the local economy:

- Housing cooperative
- Housing rehabilitation
- New construction by a non profit developer
- Shelter for homeless or battered women
- Transitional housing
- Single-room occupancy residences
- Involvement with a national housing group
- Tenants' rights advocacy and organization
- Abandoned housing cleanup and prevention
- Property management services
- Tool loan programs
- Emergency home repair
- Weatherization
- Sweat equity/volunteer building program

JOB DEVELOPMENT — MAKING MORE PAYCHECKS

Experienced groups often take the bull by the horns and work directly on creating new jobs, often by working with for-profit businesses or with non-profit development corporations:

- Community-owned business
- Worker cooperative
- Worker buy-out of a business or plant
- Enterprise development for targeted group (for example, low-income women or youth)
- Craft cooperative
- Certified community development corporation
- Support of entrepreneurs through a business incubator, auxiliary services, and technical assistance
- Early warning system to identify businesses about to close or move
- Support of business development/retention
- Commercial strip development
- Opposition to inappropriate business activity or development

PURCHASING AND INVESTING — MAKE EACH DOLLAR COUNT

Where and how you spend your dollars can make a big difference:

- Purchase goods or services from small businesses, minority enterprises, and worker co-ops
- Make purchases which support workers in third world countries; for example, coffee from Nicaragua or crafts from "Pueblo to People"
- Boycott companies which contribute to unjust economic or labor practices (contact the Interfaith Center on Corporate Responsibility at 475 Riverside Dr., New York, NY 10115 for information)
- Provide consumer counseling or education on home ownership/maintenance, nutrition, budgeting, tax preparation, etc.
- Start a "Buy Local" campaign
- Do banking business at community-oriented bank
- Don't do business with banks making loans to South Africa, Chile, etc.
- Encourage socially responsible investments, such as through the Calvert Fund, Working Assets, or a progressive credit union
- Support an alternative community loan fund
- Use community credit union
- Set up emergency loan fund for housing repair, etc.
- Participate in stockholder resolutions
- Establish loan guarantee programs
- Use church/religious community pension funds to support CED project

FOOD AND FARMING — FLOW OF FOOD IS PART OF THE ECONOMY

- Food pantry/bank
- Food-buying club
- Food stamp rights and education
- Share Food program
- Community garden
- Farmers' market
- Cooperative marketing of farm products
- Finding new markets for farm products, including organic foods
- Advocacy and support group for distressed farmers
- Farmers Home Administration (FMHA) borrowers' rights education
- Loan guarantee assistance for farmers
- Locating outside investors for family farms
- Cooperative assistance for family farmers unable to hire workers: volunteers

JOB TRAINING AND THE UNEMPLOYED — A NEW START

In communities where old skills are no longer needed, or where the unemployed have few skills to offer, job training and counseling may be the best place to start:

- Job support group
- Counseling for unemployed workers
- Job linkage
- Job retraining
- Displaced workers program
- Skills assessment survey

RECYCLING AND EXCHANGE — USING RESOURCES MORE THAN ONCE

By keeping local resources inside the community for as long as possible, the maximum economic benefit can be extracted:

- Recycle paper, glass, cans
- Recycle/exchange clothes, household goods
- Hold rummage sales
- Exchange skills and tools, such as tax preparation, carpentry, baking, and auto repair
- Create new end-use industries for waste products like ethanol production

This guide for congregations is adapted from "Economic Home Cookin,'" a 46-page booklet that includes a bibliography and sections on evaluating your resources, choosing strategies, and conducting a "self-study." The booklet is available from Community Workshop on Economic Development, 100 South Morgan Street, Chicago, IL 60607.

Missionaries to the Workplace

An Interview with Martin Eakes

Worker-owned enterprises are an example of the “alternative economic development” that many church groups are beginning to promote. Martin Eakes is director of the Center for Community Self-Help, a nationally known support group for worker-owned businesses in North Carolina. In a recent interview he talked about how churches can support this emerging movement.

Southern Exposure: *Your program has been helping start worker-owned enterprises for the last six years. What makes them different from conventional businesses?*

Martin Eakes: When you start a worker co-op, you’re trying to create a culture within a business that is contrary to the dominant economic culture in society. You’re basically trying to set it up so that as people learn things and grow into management positions, they come into a system that says you need to be accountable and

responsive to the other people in the workplace.

SE: *So you’re trying to change values?*

Eakes: Completely. If you start small businesses that are focused on taking entrepreneurs and developing a business, you end up 50 years from now with the same set of problems that you had before. You have leadership that is responsive only to profit. People who have come through that workplace don’t feel any responsibility to other people.

SE: *Are there any assurances that you will be successful in changing values?*

Eakes: The co-op model doesn’t guarantee that you’ll have an environment in which people can learn and teach. All it does is offer the possibility. A co-op is a structure that permits some kind of educational process to take place. It doesn’t have to take place, and in fact it won’t take place if

you don’t have leaders inside the business who are interested in playing the traditional role of management as well as being teachers.

Right now, we spend so much time just trying to help these small businesses survive that there has not been as much attention on educational development as we would hope. Many of the worker-owned firms started have been marginal businesses in low-profit or marginal industries; a cut-and-sew operation in the garment industry is a good example. You’re always struggling just to survive. And because our primary focus is on the empowerment of the workers in that firm, we’ve given less attention to the critical need for management. In some ways we and other co-op groups have not fully recognized the critical role that leadership plays, even within a democratic context.

As a result, you do a lot of trial and error as a business, you do a tremen-



Martin Eakes

photo by David H. Howells

dous amount of learning on the job. Frankly, unless they have a lot of grant money, most firms can't survive the cost of very much trial and error because of the market constraints from their competition.

SE: *Where do you find management who will buy into a cooperative value system?*

Eakes: People willing to come to the workplace as teachers are going to be coming out of some kind of value-based motivation. It's my feeling that the best place to search for potential managers for social justice enterprises is through the churches, particularly in the South.

A lot of people view the churches' primary role in an economic development enterprise as providing capital, which is very important. In North Carolina, there's not a single low-income co-op that has not received assistance in some form from the Campaign for Human Development, or the various agencies of the Methodist, Presbyterian, or Episcopalian churches.

But the place where the churches really have potential — and have not done anything thus far — is in attracting the leaders out of their own membership who could essentially be missionaries to the workplace, to a setting where people won't have to separate their work-life goals from the value system they practice through their religious activities.

SE: *How would an interested church group know where to start?*

Eakes: Co-ops can offer the opportunity and the linkages. For instance, we've got an opportunity right now for a great worker-owned business that would be able to market and distribute low-priced women's clothing. The sole thing lacking in that enterprise is a manager who's experienced in retail management. We need a network of churches that can say, "We're going to poll our membership for people who are early in their careers or later in their careers and who want a challenge where they can really teach people in the workplace and not just have the constraints of trying to make as much money as possible."

That's exactly what we need — some kind of system that can recruit people of good will to come and provide training and teaching. It would have to be a

consortium of churches who have pooled their talents, and it would be a very gradual process. It would be like the church-sponsored housing work where people first go out and actually put bricks on a piece of ground. They've got to see the concrete effects of the work they do. Then they are able to come in and play a more significant role.

One idea I've had is to work with churches to try to build factories — basically a private, church-sponsored public works program. Through our credit union, we could help finance the materials to build these factories. Church volunteers could get involved, meet workers who are struggling to make a go of it, and perhaps gain a better vision of how their skills could be used.

The problem now is not a lack of good will; it's a lack of knowing what to do. There are lots of people interested in making an impact on what is truly a crisis of unemployment and underemployment, especially in rural areas. But they just don't know how to use their skills. Some kind of church program that gets people involved at an initial point, and then helps move them into management and leadership and teaching roles within a business would be wonderful.

SE: *You've been known to criticize the concept of "empowerment of the poor." What do you mean?*

Eakes: To say that we're trying to empower the poor seems to me to be very shortsighted. I can't count the number of people I know who grew up in dirt poverty, who have been empowered, who have become managers of small businesses, and who are more oppressive of their work forces than the people who were not "empowered." Power can be used for



Workers share their dreams at a conference of worker-owned businesses.

either good or for bad. If we build our ideology around trying to empower the poor (and that's what we talk about), then we've missed the critical half of bringing about economic justice — which is trying to maintain some sense of compassion, some sense of responsibility for those who remain poor once you have become empowered.

I'll give you an embarrassing example. There was a worker-owned firm that used the ideology of empowerment in reopening a shut-down grocery store. A very uplifting change of attitude. People started to view themselves in a wholly different light than they had before as workers in this grocery store. In time, the group of workers decided what they really wanted to do was to buy another grocery store, so that half of the worker-owners could go to that store and hire new employees who would not be owners. The ultimate goal was to split enough times so that every one of the initial worker-owners could become a single capitalist owner of a grocery store. Now on one level, that is empowerment like none of us have ever seen. But it illustrates how weak the concept of empowerment without more really is.

SE: *How do you nurture alternative workplace values?*

Eakes: In North Carolina, we have worked for the last six years on the premise that individual cooperative firms that are not linked together cannot survive as a teaching culture. That's because they exist in a system that does not value the teaching and development of leaders who may end up being competitors. You crack through that by having a network of firms.

You have the firms come together outside of their own setting, preferably twice a year. You need some process which takes people out of the day-to-day thinking about their jobs and the pressure of making a profit, which allows them to share their vision with people struggling with the same problems from other communities. We've found that when people get together with workers from other worker-owned firms, they tend to talk and to dream about their vision.

Our goal, though, is not just to dream, but to go about doing something concrete. □

How to Research Your Local Economy

By Tom Schlesinger

Conventional economic planning at the local level can be a miracle of narrowness, animated by no goal other than dimly defined growth. A less conventional but more sensible evaluation of local economies (and strategies to improve them) would include these kinds of criteria:

- equity: does the economy or the proposed strategy promote equality, both in terms of opportunity and distribution patterns?
- stability: is the economy stable or prone to dramatic cyclical or non-cyclical booms and busts?
- local control: to what degree is the economy owned and managed locally?
- democracy: what degree of democracy inheres to production, exchange, and policymaking at the local level?
- context: to what extent is the local economy unusually sensitive to or dependent upon imports, exports, the national business cycle, and other market and political forces beyond local control?

To begin inventorying and analyzing your economy with an eye on these criteria, you need indicators. Indicators are made, not born, and most are of recent coinage. Indicators that now seem as if they were engraved on

the Dead Sea Scrolls — for example, the Consumer Price Index — are fairly recent creations. No one ever thought that price-earning ratios could be calculated on bank stocks until the analyst Harry Keefe holed up in the Hartford Public Library for a year and did it. The lesson: don't be shy about creating your own yardsticks.

Since a theoretically endless assortment of indicators can be used to describe your local economy and since indicators are only artifacts of the political culture that produce them, it's useful to keep a few maxims in mind when creating these tools:

Expect to be disappointed by the quality and currency of statistical data available from public sources. Although information and the industries based upon it have undergone a well-publicized explosion, federal cutbacks have damaged the collection and presentation of at least some useful economic data. (This is only one aspect of a Reagan administration offensive that has also pursued such targets as the Freedom of Information Act and uncensored memoirs of life in federal office.) Despite the potential for disappointment, the place to start surveying local economic resources is whatever repository of data that exists in state agencies, local planning and development organizations, multi-county councils of government or development districts, nearby colleges and universities, Chambers of Commerce, and other business, labor, and citizens organizations. Don't be shy about asking for help from these agencies or the local library; tenacity pays off.

Decide if you're after truth or propaganda. If you're subjecting hunches to some analytic rigor and you're willing to see your hunch disproved, more power to you. If you believe there's at least some power in knowing the truth, you won't let yourself off the hook of self-examination.

Anticipate the implications of what you're doing. Getting the information to plug into your indicator (including the inevitable sidetrips) is a hugely beneficial educational process that grows as you share the information with others. People ask different questions about the economy depen-

ding on their place within it. The more you keep your ears open to those questions, the more you include other information-gatherers into your work, the more original and potent your research becomes.

Document your sources. If your research is part of an organizing or political campaign, or some other larger-than-individual effort, you'll need to defend your sources, methods, and logic before skeptics. Be sure to keep careful notes of where your data comes from and what periods of time it covers.

One particularly rich source of the raw numbers you need for your indicators is a large U.S. Commerce Department publication called the *County and City Data Book*, still very useful despite its 1983 publication date. It presents more than 200 different statistics for each of the country's 3,093 counties (and many major cities) and provides source notes that lead the reader to individual updates if they exist. If you are researching a community in a Standard Metropolitan Statistical Area — SMSAs include

more than three-quarters of the U.S. population but not most rural counties — you can track nearly 300 vital statistics in the Commerce Department's *State and Metropolitan Area Data Book*, freshly issued in 1986.

To put your community's data into time as well as geographic context, you can consult 10 editions of the *City and County* book, published on an approximately-every-five-years schedule, and three editions of the *State and Metro* book. And every monthly issue of the Commerce Department's *Survey of Current Business* (as well as many other government periodicals) provides deflators that convert into constant (inflation-adjusted) dollars such annual data as the income statistics described here. Converting your data into constant dollars is extremely important if you want to show patterns of *real* (inflation-adjusted) wages, income, savings, prices, etc.

What follows is a sampling of the many indicators that can be used to measure capital, natural, and human resources.



photo by Barbara Rodbell

Table A. Metropolitan Areas
Personal Income

[MSA = Metropolitan statistical area. CMSA = Consolidated MSA. PMSA = Primary MSA. Data for New England county metropolitan areas (NECMA's), not New England MSA's, are presented in this table; see appendix 3 for data for New England MSA's. All areas defined as of October 12, 1984. See appendix 2 for alphabetic listing of PMSA's with parent CMSA]

States, metropolitan statistical areas, and component counties	Personal income																
	1983											Per capita ²					
	Total (Mil. dol.)	Percent change, 1980- 1983	Trans- fer pay- ments (Mil. dol.)	Earnings									1982 (Mil. dol.)	1980 (Mil. dol.)	1983		
				Total (Mil. dol.)	Percent from—										In- come (Dol.)	Rank ⁴	
					Manu- fac- turing	Whole- sale trade	Retail trade	Fi- nance ¹	Ser- vices	Gov- ern- ment	Other ²	1980 (Dol.)					1984 (Dol.)
169	170	171	172	173	174	175	176	177	178	179	180	181	182	183	184		
TEXAS	183 753	35.9	20 693	137 938	17.8	7.8	10.5	6.6	17.8	15.4	24.2	174 418	135 175	11 686	X	9 439	
Metropolitan areas	153 113	36.1	15 897	120 555	18.0	D	10.5	7.0	18.7	15.1	D	145 230	112 482	12 162	X	9 882	
Nonmetropolitan areas	30 639	35.0	4 996	17 383	16.3	D	10.2	3.6	11.4	17.3	D	29 188	22 693	9 778	X	7 725	
ABILENE, TX MSA (Taylor)	1 426	36.2	170	1 099	12.5	6.7	11.4	4.8	18.8	22.1	23.7	1 359	1 047	11 777	80	9 398	
AMARILLO, TX MSA†	2 219	33.0	234	1 590	14.0	10.0	12.1	5.1	18.8	15.1	24.9	2 080	1 668	11 924	70	9 545	
Potter	1 160	27.5	177	1 354	14.1	9.3	10.9	5.0	19.2	15.0	26.5	1 091	910	11 111	X	9 187	
Randall	1 059	39.6	58	236	13.1	14.1	19.3	5.8	16.1	15.7	15.9	989	759	12 961	X	10 012	
AUSTIN, TX MSA†	7 381	50.2	787	5 716	14.5	6.0	10.8	6.5	20.5	29.5	12.3	6 544	4 915	11 937	68	9 065	
Hays	439	52.1	57	214	15.3	2.8	13.3	4.0	15.7	29.2	19.6	389	289	9 388	X	7 046	
Travis	5 911	50.2	629	5 169	14.1	6.2	10.6	6.7	21.0	30.2	11.2	5 247	3 936	12 359	X	9 304	
Williamson	1 031	49.5	100	334	20.1	4.5	12.6	4.5	15.7	18.0	24.8	908	690	11 053	X	8 833	
BEAUMONT-PORT ARTHUR, TX																	
MSA†	4 563	24.4	597	3 493	35.8	4.1	9.6	2.9	14.7	10.6	22.4	4 524	3 748	12 013	62	9 950	
Hardin	438	25.6	61	159	15.1	1.9	13.1	3.3	9.9	16.2	40.5	427	349	10 017	X	8 502	
Jefferson	3 347	25.6	413	2 792	34.5	4.7	9.4	3.0	15.9	10.0	22.5	3 242	2 665	12 796	X	10 600	
Orange	878	19.6	123	542	48.2	1.6	9.5	2.1	9.8	12.1	16.5	855	734	10 595	X	8 714	
BROWNSVILLE-HARLINGEN, TX																	
MSA† (Cameron)	1 548	33.3	288	1 029	16.4	7.2	13.9	5.1	17.4	20.3	19.7	1 442	1 162	6 654	273	5 506	
BRYAN-COLLEGE STATION, TX																	
MSA† (Brazos)	1 010	58.4	110	789	8.3	4.2	12.0	4.5	14.7	35.9	20.3	924	637	9 085	245	6 740	
CORPUS CHRISTI, TX MSA†	3 738	34.0	489	2 818	14.6	5.4	11.6	4.2	16.8	20.3	27.2	3 601	2 791	10 500	171	8 519	
Nueces	3 139	34.1	408	2 551	14.2	5.6	11.6	4.3	17.4	20.6	26.3	3 031	2 341	10 700	X	8 519	
San Patricio	600	33.4	81	307	18.1	3.3	11.7	3.0	11.2	17.2	35.5	570	450	9			
DALLAS-FORT WORTH, TX																	
MSA†	41 218	10.9										41 218	32 254				
Delaware	28 145	10.0										28 145	22 500				
Fort Worth	2 173	15.7										2 173	1 754				

INCOME INDICATORS

Examining sources of income helps to show the degree to which productive activity drives the local economy. Using items 116, 118 and 119 (for counties) in the *County and City Data Book*, you can calculate portions of local income made up of actual current work, i.e., salaries and wages (Item 119 as a percentage of Item 116); transfer payments including social security, pension, welfare, and disability payments (Item 118 as a

percentage of Item 116); and interest, dividend, and rental income (subtract the sum of Items 118 + 119 from Item 116, then calculating the result as a percentage of Item 116).

The larger that the percent of current work is, the more productive activity (rather than investment income or welfare payments) tends to drive the local economy — which is generally a good, though not an unalloyed, thing. Using previous editions of the *Data Book* and *Survey of Current Business*, you can track these percentages forward and back over time. And paging

through the *Data Book*, you can compare the local breakout of income sources to that occurring at the national, regional and state level as well as in other counties and cities.

EXAMPLE: The most recent *Data Book* includes income data from 1981. In that year, the breakout of income sources in the census South (16 states) and the U.S. as a whole was virtually identical: 73 percent of all personal income came from earnings, 14 percent from transfer payments, and 13-14 percent from interest, dividends, and rental income. In West Virginia, however,

Table B. Counties — Civilian Labor Force and Personal Income

County	Civilian labor force, 1980 (Census) — Con.								Personal income, 1981								
	Employed								Total (Mil. dol.)	Per capita ² (Dol.)	Transfer payments (Mil. dol.)	Earnings					
	Total	Manu- facturing (Per- cent)	Wholesale and retail trade (Per- cent)	Profes- sional and related services (Per- cent)	Other significant industry		Class of worker, percent—					Total (Mil. dol.)	Manu- facturing (Per- cent)	Wholesale and retail trade (Per- cent)	Services (Per- cent)	Other significant industry	
					Code ¹	Per- cent	Gov- ern- ment	Self- em- ployed								Code ²	Per- cent
108	109	110	111	112	113	114	115	118	117	118	119	120	121	122	123	124	
TENNESSEE—Con.																	
Dickson	12 224	27.7	19.6	13.9	2	11.4	17.8	8.8	223.1	7 291	40.5	101.0	35.2	D	14.4	7	15.6
Dyer	14 036	36.1	19.8	12.7	2	6.6	14.4	9.2	264.2	7 680	49.0	188.0	42.6	D	9.3	7	14.7
Fayette	8 643	28.5	15.4	16.8	1	10.6	21.2	8.5	127.5	5 080	27.9	63.9	40.4	D	8.7	7	20.8
Fentress	4 990	37.7	14.0	16.8	1	9.4	19.0	13.9	67.0	4 559	21.2	38.8	36.1	D	7.5	7	25.3
Gibson	12 513	27.4	17.9	20.7	3	8.3	17.7	9.9	227.7	6 740	41.3	87.0	22.0	D	20.8	7	21.0
Giles	19 678	43.3	15.8	15.4	2	6.4	12.4	9.8	242.0	7 400	74.0	242.0	48.2	D	10.9	7	11.8
Grainier	14 544	31.7	15.4	15.4	2	6.1	12.4	9.8	227.7	6 740	41.3	87.0	22.0	D	20.8	7	12.7
Grainier	14 544	31.7	15.4	15.4	2	6.1	12.4	9.8	227.7	6 740	41.3	87.0	22.0	D	20.8	7	20.8

Table B. Counties — Money Income and Local Government Employment

County	Money income, 1979													Local government employment, 1977 (Oct)			
	Median family income (Dol.)	Household income							Per capita ¹ (Dol.)	Income below poverty level					Total full-time equivalent	Payroll (\$1,000)	
		Percent of households with income of—								Families		Persons ²					
		Less than \$10,000	\$10,000 to \$19,999	\$20,000 to \$29,999	\$30,000 to \$39,999	\$40,000 to \$49,999	\$50,000 and over	Median		Rank	Total	Female householder, no husband present	Number (1,000)	Percent			
														Total			Children under 18 yrs. ³
125	126	127	128	129	130	131	132	133	134	135	136	137	138	139	140	141	
TENNESSEE—Con.																	
Dickson	16 698	34.2	32.9	22.3	6.3	2.1	2.1	14 276	1 417	6 044	10.2	27.8	3.6	12.1	12.3	765	571
Dyer	14 480	41.2	32.7	16.2	5.6	2.0	2.2	12 098	2 278	5 556	12.9	25.6	5.6	16.3	17.7	1 429	970
Fayette	12 848	44.0	31.3	15.0	6.0	1.5	2.1	11 423	2 536	4 299	23.8	48.5	7.5	30.3	38.8	742	517
Fentress	9 438	60.6	28.0	8.3	1.7	.8	.6	8 246	3 101	3 564	26.7	42.3	4.9	33.5	38.0	491	283
Gibson	15 576	36.4	34.2	19.3	6.3	1.9	2.0	13 487	1 740	5 544	13.1	31.6	5.1	16.5	20.0	1 039	699
Giles	14 907	41.6	33.2	17.2	5.0	1.1	2.0	12 120	2 268	5 461	14.5	37.5	9.2	18.8	22.9	1 536	1 085
Grainier	15 020	38.3	35.2	16.5	6.0	2.0	1.9	12 843	1 947	5 544	13.1	31.6	4.0	16.7	20.6	816	592
Grainier	12 104	47.5	35.2	16.5	6.0	2.0	1.9	12 843	1 947	5 544	13.1	31.6	4.0	16.7	20.6	816	592
Grainier	14 544	31.7	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4	15.4

By using the *County and City Data Book*, you can determine the primary sources of personal income in your county (columns 116-119) and how evenly the income is distributed among households (columns 126-131). See text of article for details.

transfer payments account for 20 percent of total income, earnings for 71 percent, and investment for only nine. In rural Fentress County, located in east Tennessee's Cumberland Plateau, transfer payments accounted for 32 percent of total income — more than twice the national, regional, and state average. Correspondingly, actual current work accounted for only 58 percent of Fentress' total income.

Using Item 117 in the *Data Book*, you can track local **per-capita income** as a percentage of the national, regional and state figures. Using past volumes, you can chart their relative growth.

EXAMPLE: Seeing that current work provides a relatively small share of the income of Fentress County, it wouldn't come as a surprise to discover that per-capita income in the county is low. And it is: in 1981, it reached only 54 percent of the statewide figure. Moreover, Tennessee's 1981 income-per-person reached only 81 percent of the national average and 88 percent of the regional average. Per-capita income in Fentress was an amazing 43 percent of the per-capita income nationwide.

Income distribution can be charted similar to per-capita income by using Items 126-131. The most telling patterns that can be derived from this and similar earlier and subsequent data are whether the portion of households earning "middle" incomes has grown or shrunk over time; how they've changed compared to national and state patterns; and whether the percentage of below-poverty-level households has grown or diminished (see Items 135-139).

EXAMPLE: Economists assert that nationwide income distribution has been skewed by a "shrinking middle" — large numbers of families are migrating from the mid-range of incomes to the lower ranges or, in some cases, to the upper ranges. This phenomenon shows up most vividly in areas hit by the erosion of relatively high-wage manufacturing jobs. For an illustration, let's look at Hamilton County, Tennessee, where most of the population lives in Chattanooga, one of the state's older industrial centers. By comparing 1979 income distribution, presented in the 1983 *County and*

City Data Book with 1969 figures in the 1972 edition, you can see that the percent of the county's households in the lowest one-fifth income range jumped from 24 to 32 percent, while the percent in the highest two-fifths edged up from 16 to 17 percent and those in the middle income ranges dwindled from 60 to 51 percent of all households. These figures also show that Hamilton County's middle is shrinking at a faster pace (a 15 percent loss over the decade) than either the state (11 percent shrinkage) or the nation as a whole (13 percent).

COMPOSITION OF INDUSTRIAL BASE, WAGES, AND MAJOR EMPLOYERS.

Using various editions of the Commerce Department's *County Business Patterns*, you should be able to track the ebb and flow of employment and payroll in such major business categories as agriculture, forestry, and fisheries; mining; services; manufacturing; wholesale and retail trade; finance, insurance and real estate; and government. These numbers and their changes over time will tell you the most important sectors in a local economy and whether that economy is becoming more or less diversified.

The same source will help you rank major employers community-wide and within each of the two-digit Standard Industrial Classification (SIC) codes; each of the categories is broken out into two-, three-, or four-digit SICs, with four-digit listings being the most detailed. Apparel products, for example, is a two-digit SIC code within nondurable manufacturing industries, while men's and boy's work clothes is a four-digit SIC code under apparel. With that information, and some digging into the background of relevant firms, you can analyze the extent to which employment is concentrated (or becoming more concentrated) in a few hands and whether those hands are local or absentee. The library reference desk, chamber of commerce office, and newspaper business files should have directories, articles or other information on the leading employers in your area.

CAPITAL INVESTMENT

The rate at which a firm invests in new plant and equipment has traditionally been considered a benchmark of its ability to endure as a viable enterprise and its commitment to operate in specific locations. During the 1980s, the major argument between industrial capital and its critics has occurred not over the profit motive but over how profits are reinvested. Critics charge that many firms fail to modernize or specialize, shut down even profitable ventures in favor of bigger profits overseas, divert capital to mergers and acquisitions outside their area of expertise, rewrite the federal tax code to reward investments never made, or otherwise refuse to plow profits back into the local enterprises and communities that generated them. Firms reply that whoever pays the fiddler calls the tune.

Analyzing capital investment is made difficult by varying standards among different industries and other factors, but even a rough estimate of investment patterns can be one of the most important barometers of local economic health. You can ascertain those patterns in several ways: by obtaining state government data on local industrial start-ups and expansion (caution: some states routinely inflate the amount of jobs and investments involved); or by tracking the volume and dollar value of new construction recorded by local building permits at the city/county engineering or planning office, and/or by the F.W. Dodge database of construction projects. (Dodge, a division of McGraw-Hill Information Systems, is a marketing tool for building supply dealers, who may turn out to be your least expensive source for this information.)

Another way is to create your own Leading Producers Reinvestment Index based on local real and personal property records and data on companies' investments and annual sales obtained from annual reports, press releases, disclosures filed with the Securities and Exchange Commission, and insider knowledge.

Honest tax records will tell you whether or not the firm has invested over time in land, improvements (buildings), equipment and

Table 2. Counties—Employees, Payroll, and Establishments, by Industry: 1982—Continued

(Excludes government employees, railroad employees, self-employed persons, etc.—see "General Explanation" for definitions and statement on reliability of data. Size class 1 to 4 includes establishments having payroll but no employees during mid-March pay period. "D" denotes figures withheld to avoid disclosure of operations of individual establishments, the other alphabets indicate employment-size class—see footnote.)

SIC code	Industry	Number of employees for week including March 12	Payroll (\$1,000)		Number of establishments, by employment-size class								
			First Quarter	Annual	Total	1 to 4	5 to 9	10 to 19	20 to 49	50 to 99	100 to 249	250 to 499	500 to 999
FENTRESS													
	Total	2 537	4 716	20 378	199	132	25	22	10	4	4	2	-
12	Mining.....	110	349	1 223	15	8	3	3	1	-	-	-	-
1211	Bituminous coal and lignite mining.....	74	271	828	8	3	2	3	-	-	-	-	-
1211	Bituminous coal and lignite.....	74	271	828	8	3	2	3	-	-	-	-	-
23	Contract construction.....	100	144	767	21	16	1	4	-	-	-	-	-
20	Manufacturing.....	1 509	2 557	10 737	32	15	4	2	2	4	3	2	-
20	Food and kindred products.....	(C)	(D)	(D)	3	1	-	-	-	-	-	-	-
201	Meat products.....	(C)	(D)	(D)	2	1	-	-	-	-	-	-	-
2016	Poultry dressing plants.....	(C)	(D)	(D)	1	-	-	-	-	-	-	-	-
23	Apparel.....	1 160	1 852	7 505	-	-	-	-	-	-	-	-	-

Table 184. Labor Force Characteristics by Race and Spanish Origin for Counties: 1980—Con.

(Data are estimates based on a sample; see introduction. For meaning of symbols, see introduction. For definitions of terms, see appendixes A and B)

Counties
[400 or More of the Specified Racial or Spanish Origin Group]

CLASS OF WORKER AND INDUSTRY

Employed persons 16 years and over
Private wage and salary workers
Federal government workers
State government workers
Local government workers
Self-employed workers
Unpaid family workers
Employed females 16 years and over
Private wage and salary workers
Federal government workers
State government workers

	Russell			St. Clair		Shelby			Sumter
	Race			Race		Race			Race
	White	Black	Spanish origin ¹	White	Black	White	Black	Spanish origin ¹	White
Employed persons 16 years and over	11 920	5 668	102	14 595	1 179	25 671	2 029	150	2 297
Private wage and salary workers	9 341	4 500	75	11 509	983	20 608	1 713	131	1 456
Federal government workers	515	344	10	573	30	724	55	-	108
State government workers	456	212	-	377	53	1 283	121	-	195
Local government workers	754	508	17	1 019	107	1 379	116	12	187
Self-employed workers	735	86	-	1 036	6	1 586	24	-	342
Unpaid family workers	119	18	-	81	-	91	-	7	9
Employed females 16 years and over	4 957	2 589	44	5 293	509	9 590	917	70	971
Private wage and salary workers	3 927	2 040	28	3 999	412	7 212	718	56	635
Federal government workers	-	160	10	248	9	402	35	-	61
State government workers	-	-	-	205	30	704	89	-	-
Local government workers	-	-	8	599	60	829	77	-	-

Table 185. Occupation of Employed Persons by Race and Spanish Origin for Counties: 1980—Con.

(Data are estimates based on a sample; see introduction. For meaning of symbols, see introduction. For definitions of terms, see appendixes A and B)

Counties
[400 or More of the Specified Racial or Spanish Origin Group]

Employed persons 16 years and over
Managerial and professional specialty occupations
Executive, administrative, and managerial occupations
Officials and administrators, public administration
Management related occupations
Professional specialty occupations
Engineers and natural scientists
Engineers
Health diagnosing occupations
Health assessment and treating occupations
Teachers, librarians, and counselors
Teachers, elementary and secondary schools
Transport occupations

	Russell			St. Clair		Shelby			Sumter
	Race			Race		Race			Race
	White	Black	Spanish origin ¹	White	Black	White	Black	Spanish origin ¹	White
Employed persons 16 years and over	11 920	5 668	102	14 595	1 179	25 671	2 029	150	2 297
Managerial and professional specialty occupations	2 120	285	13	2 394	63	6 643	156	59	607
Executive, administrative, and managerial occupations	1 031	115	5	1 311	8	3 515	36	52	318
Officials and administrators, public administration	43	-	-	67	-	105	-	-	42
Management related occupations	223	43	-	361	-	700	7	4	26
Professional specialty occupations	1 089	170	8	1 083	55	3 128	120	7	289
Engineers and natural scientists	67	4	-	216	-	755	15	2	48
Engineers	47	-	-	121	-	526	-	2	41
Health diagnosing occupations	41	-	-	43	-	156	-	5	7
Health assessment and treating occupations	227	24	-	125	12	399	36	-	49
Teachers, librarians, and counselors	531	116	-	43	43	1 238	57	-	128
Teachers, elementary and secondary schools	341	90	-	17	38	-	-	-	89
Transport occupations	-	-	-	-	-	-	-	-	717

What percent of the white women workers in Russell County, Alabama have jobs with the local government? How many school teachers in Shelby County are black? Which industry has the biggest payroll in Fentress County, Tennessee? Get the answers from census and other documents.

machinery, vehicles, and other types of productive property. Using the depreciation formula that the local tax assessor employs (and should explain to you), you can then track the degree to which the companies on your Index are reinvesting or stagnating and chart the differences among firms within the same SIC sector. Computing the investment level as a portion of sales, should give some perspective on the companies' strategies. Firms should be selected from your list of major sectors and employers.

This kind of index generates crude approximations at best, leaving out as it must a large number of variables that shape each firm's investment patterns. But if a community is going nowhere fast on a generally uninvigorated industrial base, or vice versa, the index will help explain why and how.

EXAMPLE: Let's hypothesize a Triple D Manufacturing, one of the Southeast's leading producers of widgets and by far the leading employer among all durable goods manufacturers in Copley County. From your review of *County Business Patterns*, you have also determined that durable goods producers, in turn, account for 45 percent of total employment in Copley — an employment pattern that makes the county an anomaly nationally but not atypical of many smaller Southern counties that rely heavily on traditional, low-wage manufacturing industries.

You want to examine Triple D, and other leading employers, over a five-year time frame. When you look at the total assessed value of Triple D's plant and equipment at the tax office, you see that it has increased from \$35 million five years ago to \$37 million today. The records and the assessor explain that three years ago, Triple D installed new equipment worth \$7 million, the only change it has made in its physical plant during the past half-decade. Over the following two years, depreciation on the new equipment and the existing physical plant dropped Triple D's total assessed value to the \$37 million level. The company's annual reports and the Form 10-K it files with the Securities and Exchange Commission reveal that during the past five years the widget plant in Copley had sales of \$700 million. Thus the rate of capital investment over the

half-decade has been one percent.

Now you have the basis for comparing Triple D to other major employers in the county and to other regional or national widget producers. You can also read between the lines and interpret where Copley County stands in Triple D's long-term plans. If, for example, the firm discloses its companywide investment rate, you can tell (within limits) whether it is laying aside more income in order to beef up its toaster division while letting widgets slide. Or vice versa. If you study trade publications, U.S. Commerce Department analyses or investors' reports by firms like Standard and Poor's, you can track widget industry investment patterns and place Triple D within that context.

MORE SOURCES

Many of these publications and reports will be available at a nearby public or university library. *Nelson's Directory of Wall Street Research* provides an annual list, by company, of the phone numbers and names of financial analysts who issue reports on individual firms. A multitude of computerized databases now exists that offers useful information for examining your local economy; consult the *Omni '85 Directory of On-Line Databases* and then find a library, business, or high-tech friend who can help foot the bill for these services. There are also several guides for corporate and community research that can aid your detective work. One of the easiest to follow is the *Manual of Corporate Investigation*, available for \$10 from the AFL-CIO Food & Allied Service Trades Department, 815 16th Street, NW, Washington, DC 20006.

Anyone researching their local economy will want to add heaping portions of data, sources, and analytical reference points to this short list of suggestions. For example, to get a reading on wages, employment, and unemployment patterns, you will need to visit the state employment offices, which usually have local branches, to obtain the most up-to-date (though often imperfect) data. The U.S. Department of Labor's Bureau of Labor Statistics can provide useful comparative data aggregated at the state and national level in such publications as *Employment & Wages: Annual Averages*, which breaks out state-level employment to 4-digit SIC detail. To examine the racial, age, and gender patterns underlying employment patterns in your community, consult a number of the U.S. Census Bureau's publications, including *General Social and Economic Characteristics*, which is chapter C of the bureau's series on population characteristics.

You can begin obtaining a larger profile of your community's economic health by monitoring the performance of its financial institutions. Zero in on the most important type of financial firms — usually the commercial banks — and make the most of such data sources as the Federal Deposit Insurance Corporation's semi-annual call reports, the listing of mortgage loan originations compiled at the census district level by the Federal Financial Institutions Examination Council, as a requirement of the Federal Home Mortgage Disclosure act, and reporting services like Texas-based Sheshunoff, Inc., which publishes the extremely useful series *Sheshunoff Banks of (Your State)*.

And that's just for starters. The silver lining behind these huge, billowy clouds of data is that at some point — sooner rather than later — you will cross a confidence threshold that encourages you to work with this information in creative, honest, and locally useful ways. □

Tom Schlesinger, principal author of Our Own Worst Enemy: The Impact of Military Production on the Upper South, is the director of the Southern Finance Project, a research effort sponsored by the Institute for Southern Studies.



photo by Barbara Rodbell

READINGS ON THE ECONOMY

BY STEVE FISHER

If you want to dig a little deeper into proposals for economic renewal — if for no other reason than to understand some of the debates that surface around economics — I can suggest a few places to begin. There are reams of available readings, but these works should familiarize you with the major approaches to economic development in the U.S. today.

“Reaganomics,” rather than being a coherent economic plan, is really a loose alliance between three conservative camps that share some basic assumptions (especially reduction of government activity in private markets) but also have fundamental differences. The best critique of these camps is James Campen and Arthur MacEwan’s “Crisis, Contradictions, and Conservative Controversies in Contemporary U.S. Capitalism,” published in the Fall 1982 issue of the *Review of Radical Political Economics*.

One widely discussed reaction to Reaganomics has been the liberal “industrial policy” model. It is blatantly corporatist, calling for an active government role in helping the nation’s leading industries gain greater profitability and growth through a broad social consensus (the cooperation of business, government, and labor — forget the farmers).

Many differences distinguish industrial policy proponents, who include the editors of *Business Week*, AFL-CIO officials, academicians such as Lester Thurow and Robert Reich, and investment banker Felix Rohatyn. Most of the proposals give business the upper hand but a few, such as those offered by Ira Magaziner and Robert Reich in *Minding America’s Business* (published by Harcourt Brace Jovanovich, 1982) advocate full employment and a more equal distribution of income.

A number of recent books and articles by progressive social scientists and activists present alternatives to

conservative or liberal theorists. In contrast to the pro-business, trickle-down approach to economic recovery, these authors are concerned with democratic participation and control. While their works suffer serious shortcomings, the most important of which is their failure to propose a political strategy for achieving their programs, together they set forth a series of policy proposals capable of attracting popular support. See for example:

Gar Alperovitz and Jeff Faux. *Rebuilding America*. New York: Pantheon, 1984. Presents a dual vision: strategic planning for national economic stability, combined with an emphasis on radical decentralization and local development. Highly recommended.

Barry Bluestone and Bennett Harrison. *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry*. New York: Basic Books, 1982. Focuses attention upon the process of disinvestment and deindustrialization, and offers alternative proposals related to sunrise industries, public goods, sunset industries, and corporate bail-outs.

Samuel Bowles, David Gordon, and Thomas E. Weisskopf. *Beyond the Waste Land: A Democratic Alternative to Economic Decline*. Garden City, NY: Anchor Press/Doubleday, 1983. Attacks conventional wisdom of the causes of our economic crisis and sets forth a 24-point Economic Bill of Rights. Highly recommended.

Martin Carnoy, Derek Shearer, and Russell Rumberger. *A New Social Contract: The Economy and Government After Reagan*. New York: Harper and Row, 1983. Offers a myriad of policy proposals to democratize and revitalize our political and economic structures.

Kenneth M. Dolbear. *Democracy at Risk: The Politics of Economic Renewal*. Revised Edition. Chatham, NJ: Chatham House, 1986. Excellent summary and critique of the various

models for economic recovery. One of the few analyses to discuss political strategies for achieving democratic economic renewal. Highly recommended.

International Association of Machinists and Aerospace Workers. *Let’s Rebuild America*. Washington, DC: Kelly Press, 1984. Detailed, important economic reform program by the machinist union. Includes an interesting Technology Bill of Rights.

Robert Kuttner. *The Economic Illusion: Fake Choices Between Prosperity and Social Justice*. Boston: Houghton Mifflin, 1984. Uses examples from Japan and Western Europe to dispute the assumption that there must be an economic trade-off between efficiency and equity.

S.M. Miller and Donald Tomaskovi-Devey. *Recapitalizing America: Alternatives to the Corporate Distortion of National Policy*. Boston: Routledge & Kegan Paul, 1983. Important critique of various industrial policy schemes. Provides convincing arguments for public investment and democratic planning. Good discussion of political strategy.

Women’s Economic Agenda Working Group. *Toward Economic Justice for Women: A National Agenda for Change*. Washington, DC: Institute for Policy Studies, 1985.

Socialist Review. Useful articles over the past few years include: “The Myth of Reindustrialization” (Jan./Feb. 1984); “Growth and Employment” (May/June, July/Aug. 1984); “Achieving Full Employment” (Nov./Dec. 1985); and “The Economics and Politics of Full Employment” (May/June 1985). □

Steve Fisher teaches political science at Emory and Henry College and recently prepared a comprehensive bibliography on the U.S. political economy with financial support from the University of Kentucky’s James Still Fellowship Program. The complete list of books and articles is available for one dollar from him at Box BBB, Emory, VA 24327.

YOU CAN CHANGE ECONOMIC DEVELOPMENT

A HOW-TO GUIDE

BY CARTER GARBER

Just as war is too important to be left to the generals, many citizen groups are realizing that our economic future is too important to be entrusted to government planners and industrial recruiters. Across the South citizen groups are changing governmental economic development policy. Community groups with widely different constituencies are getting involved in monitoring, influencing, and providing creative alternatives to conventional economic planning. It is clear that neither the economy nor current policies are working for them.

As your citizen group analyzes how to change the myriad of policies which shape your economic life, four major elements in a battle plan emerge. Your group may choose not to go through all four steps, or not in this order. But whether you're a novice or a veteran, each is worth considering.

1 WHO ARE THE POLICYMAKERS? WHAT ARE THEY DOING?

Step one is researching, monitoring, and raising questions with the economic policymakers on a local and a state level.

If it's not clear what your local agency is, call your county planning department or look in the phone book's government section for the industrial board or development district. Or you can examine the titles of those who always seem to get newspaper pictures taken when a new plant opens, but never when it closes. A sure-fire method to find the people in charge of economic planning or development policy is to call the chamber of commerce. In the South many chambers are paid by our taxes to perform this job.

Almost universally throughout the South, these agencies seeking to develop jobs and the economy ignore, or make themselves impermeable to, the participation of the very citizens they claim to assist. There are few, if any, mechanisms for citizens to influence these planners. Even so, it is worth looking at how accountable your local economic development agency is. Since many of them have never had an organized group of citizens express interest, they may prove easier to budge than those public boards skilled at fending off public participation.

Sometimes just questioning the agency can lead to some changes in its procedures. Such was the case with the Citizens Economic Development Council (CEDC) of Robeson County Clergy & Laity Concerned in North Carolina. (See the Resources section for addresses of all the organizations

mentioned in this article). In 1984-85, CEDC monitored its County Industrial & Agricultural Commission. The commission's meetings were officially open to the public, but they were held in a private restaurant over dinner. CEDC representatives were in the awkward position of trying to overhear the proceedings while sitting behind the commissioners as they ate. The observers also were surprised to see alcohol flowing freely while commissioners were deciding the county's economic future. CEDC quickly called for changes of location and time which resulted in a no-alcohol policy and an invitation to join the commissioners at the table.

A handy tool to measure the public accountability of the local economic planners is included in the box entitled "Rating Your Development Agency's Accountability." It suggests some of the questions you'll want to ask the agency's staff. Additional questions are included at the end of the box.

GETTING ACQUAINTED

Once you've found the economic development agency, go talk with the staff. They'll be happy to tell you about the successes. They will give you samples of colorful brochures advertising county benefits, including some your group always considered as problems: low wages; a per-capita income 60 percent of the national average; a high unemployment rate with blacks at twice that rate; few unions and, for those that do exist, "a low labor stoppage rate" (translated: don't often strike for their rights); a virtually empty industrial park; no planning commission zoning the unincorporated areas; no personal income tax; low corporate taxes; and shrinking agricultural employment.

Advantages? You have just found one of the many ironies when "economic development" is viewed as simply as "industrial recruitment." Your county needs jobs in order to reduce unemployment, raise personal income, and increase services on the basis of a stronger tax base. But in order to get new industry, your county may advertise as benefits all the problems it originally hoped to improve! A large part of your group's job is to replace a development policy

Rating Your Development Agency's Accountability

By Tom Schlesinger

The *products* of development programming frequently mirror the policy-making *process*. Planning by the few — in secret or not-very-open ways — often yields a type of development that reflects their own values, interests, and imagination rather than the whole community's. Often those decision-makers are not formally accountable, or are accountable only in a remote fashion, to the public whose funds they're disbursing.

Tracing answers to the following questions will illustrate the level of public participation and accountability that shapes development patterns in your community.

1) If your local development agency has a representative board, how are members chosen?

a) elected (3 points)

If members are elected on an at-large basis, grade the representativeness of the system from 1 to 5. Five points means that all parts of the locality are represented fairly by an at-large system. One point means that significant parts are left unrepresented.

OR: If members are elected on a district or precinct basis, grade that system for fairness from 1 to 5. Five means that the districts have been drawn up to fairly represent the interests of all members of the community. One means that they have been unfairly drawn.

b) appointed by an elected

body (such as county commission, city council, etc.) (2 points)

c) appointed by a single elected official (e.g. mayor, county executive, etc.) (1 point)

2) If members of your development agency board are appointed, is the make-up of the board:

a) mixed, including representatives of organized labor and citizen organizations (3 points)

b) dominated by representatives of the chamber, banks and larger businesses (0)

3) If your local development agency is staff-run and does not have a representative board, how and to whom is the agency accountable?

a) to an elected official (mayor, county executive, or county commission or council) through a process open to public inspection (4)

b) to an elected official or body through a process closed to public inspection (1)

c) to an appointed official or body through an open process (1)

d) to an appointed official or body through a closed process (0)

Is selection of leading personnel for such staff-run agencies open to public scrutiny and input?

a) yes (2)

b) no (0)

Are leading personnel in such staff-run agencies covered by

based on acquiescence to major corporations with one based on responsibility to local residents.

In each Southern state there is at least one state-level department specializing in economic development. You'll find that this agency is the piper who plays the tune to which your local agency dances. The state agency exercises this influence in a variety of ways. First, local agencies must play

ball with it to get leads from the state on which industries the state has discovered want to relocate. The state, with its vast advertising budget and army of recruiters, can easily steer prospects away from your area if the local agency does not have "a cooperative attitude."

Second, these departments have a range of grant and loan programs, including Community Development

civil-service protections?

- a) yes (2)
- b) no (0)

4) Are meetings of your development agency open?

- a) all of them (4)
- b) some of them, including meetings where budgets, priorities, and strategies are discussed and decided (2)
- c) some of them, but none where budgets, priorities, and strategies are discussed and decided (1)
- d) none (0)

5) Are records — including minutes, correspondence, memos, grant applications, and financial records — of your development agency open to the public?

- a) all of them (4)
- b) some of them, including substantive documents detailing the agency's actions and resources (2)
- c) some of them, but no substantive records (1)
- d) none of them (0)

ACCESS PATTERNS: If you answered a, b, or c, grade the amount of effort involved in obtaining the records from 1 to 5. Five means you experienced little or no difficulty in obtaining the records. One means you experienced great difficulty.

6) Does the development agency notify the public of upcoming meetings?

- a) always (2)
- b) some of the time (1)
- c) never (0)

If meeting times and places are publicized, how much advance notice is given?

- a) more than ten days (3)
- b) less than seven days (2)

- c) less than three days (1)
- d) less than 48 hours (0)

If meeting times and places are publicized, grade the prominence of the notification from 1 to 5. Five means the notice is clearly and predictably visible/audible from publicly-accessible sources (local newspaper, radio and TV PSA's, bulletin boards). One means that citizens have to work in order to locate the notice.

What time of day is the meeting?

- a) after daytime working hours (2)
- b) during daytime working hours (0)

7) How does the local press (print, radio, TV) cover the actions of your local development agency and development issues in general?

- a) extensively, with an analytical or investigative focus (3)
- b) detailed but shallow (2)
- c) perfunctory (1)
- d) nonexistent (0)

Now total up the scores for each question and place your agency on the following scale:

0-5	18-25	36-39
taught	Run-of-	What Tom
Botha,	the mill	Paine had
Pinochet,		in mind
Jaruzelski		
everything		
they know		

OTHER QUESTIONS

There are a host of other questions to ask the development agency, including what it does specifically to attract industry and how it is funded. Most development agencies have a broad vision of how they seek to change an area's

economic profile. The vision may center on expanding particular industries, attracting high-tech firms, drawing military contracts, developing land and mineral resources, promoting tourism, or some other plan. It may have a geographical focus or an emphasis on a particular part of the area's population or work force. And it may include goals for a variety of services and "infrastructure" items it deems necessary for growth, such as water and sewer lines, roads, or schools. You'll want to probe until you fully understand the agency's development strategy. Find out who actually does the planning and sets priorities, what the staff's and board members' backgrounds and economic interests are, and how public authorities monitor or collaborate with the agency.

Does the agency have programs to help workers and industries already in the community? Does it monitor plant closings and layoffs? Are there laws requiring notification prior to a plant closing and compensation to workers? What services does the agency provide to help existing industry expand? Does it expedite government contracts, help with exporting and importing, coordinate training of workers at area schools, provide regular reports on the area's economic conditions, or sponsor seminars for plant managers on topics like how to avoid unions?

Be sure to follow the money that pays for these programs: where it comes from, whose interests it represents, and what accountability exists if public money is involved. □

Block Grants for small cities and low-interest industrial bonds. Third, the state is often the only source of backup staff available to your area. Fourth, many states have an annual gathering of the local development agencies to which outside industrialists and the media are invited. Counties are encouraged to compete against one another for awards as well as industry. Not only did 38 states vie for General

Motor's Saturn plant, but all 95 counties in Tennessee competed for the prize Spring Hill won.

What do groups find when they investigate these state economic development agencies? The most extensive research in the South was done in 1984 on Tennessee's Economic and Community Development Department; see the box on this page for basic elements of the

research. Southern Neighborhoods Network investigated the agency on behalf of a statewide network of community economic development organizations. These local groups previously knew of the department only from its glossy ads, press announcements of new plants, and its general unresponsiveness to any alternative policy suggestion they made.

Research revealed how the depart-

How to Research a State Development Agency

By Carter Garber

To a greater or lesser degree, many of the suggestions below also apply to investigating a state business lobby, local development agency, and other economic planning or policymaking bodies.

Collect the agency's reports, newsletters, brochures designed for different audiences, news articles, planning documents, case studies, statement of goals, and analyses of the economy.

Talk to its statistics person about how the department documents its effectiveness and what business sectors are generating the most jobs.

Look for a state comptroller's departmental sunset review.

Review the stories written about the agency in the state's capital city newspaper (indexed either in your library or at the newspaper office), and interview reporters who have written stories about the agency.

Research key staff personnel, members of various boards or advisory committees, and legislative operatives for their ties to corporate, partisan, and public interests.

Examine the agency's budget, staff deployment, programs, and services for the last few years.

Inquire about its, and related agencies', legislative activities. Talk to legislators on key committees.

Talk to the agency's staff, especially those dealing with community development and small and minority business, about the agency's priorities, successes, failures, and criteria for recruiting or assisting new industry.

Attend its annual gatherings and talk with local development agencies, chambers of commerce, and other consumers of their services.

Check with advocates of community economic development, worker-ownership, and small and minority entrepreneurship about the help the agency does or could provide.

Interview academics and public interest groups monitoring state government or economic policy; talk with labor leaders and others who are possible critics of the agency's practices.

ment chose to deploy its \$68 million FY 1984-85 budget and its 260-member staff. Despite department goals and its five-year analysis saying homegrown firms produced 70 percent of the new manufacturing jobs, the amount of state-appropriated funds that went to recruit firms from other states was almost five times as much as spent to support in-state expansions, minority-owned firms, and small businesses. A comptroller's report was discovered documenting that "approximately 80 percent of the companies the department visited in 1982 did not appear likely prospects for new industrial locations in Tennessee." That wasteful strategy for relatively few jobs was compared to the magnitude of the state's unemployment and other economic problems. The findings and alternative policy suggestions were distributed widely to other citizen groups, unions, key

legislators, and policymakers. Background profiles of department staff and legislators were studied as citizens planned their strategy.

On the basis of this research, the Tennessee Network for Community Economic Development developed legislation to shift \$2 million from the department's annual budget to support grassroots development groups. The group educated legislators by signing them on as bill sponsors, but the bill met stiff opposition from the industrial recruitment proponents in the Republican administration, and ultimately was defeated.

The state-level research also uncovered a competing bill, which the department tacitly supported. The bill called for designating some low-income communities as "enterprise zones." This designation would allow for deregulation within these areas, an endeavor popular with conservatives

but with little concrete benefit to business stimulation. Deregulation means a greater loss of control by citizens over their communities.

Due to its analysis and alerts, the Tennessee Network for Community Economic Development was able to get nine amendments to the enterprise zone act passed, including: four more citizens on the statewide board; a local public hearing 30 days prior to application; commitment to hire at least 30 percent local residents; local enterprise zone boards composed of one-third residents and one-third local businesses; and requirements for a fiscal impact statement and an economic impact statement before any regulations are changed. These changes show the potential of citizen monitoring and action to shape state economic development policy.

LEARNING THE TOOLS OF THE TRADE

Any public agency, whether local or statewide, has at its disposal six major types of subsidies listed on page 43. Just as having a hammer doesn't tell you what to build, most of these tools are generic. They can be used to subsidize a multinational company lured into your community. Or they can be used to subsidize a nonprofit community development corporation that grew up in your neighborhood. For example, with the help of the Center for Community Self-Help, the Alamance Workers' Owned Knitting Mill received \$10,000 from its North Carolina county government for a feasibility study. A local agency also paid the salary for some workers during their training phase at Busy Needle Sewing Cooperative.

Once you begin to learn the tools, you'll be shocked at how uncreative most Southern development agencies are. In its trainings Southern Neighborhoods Network has found leaders from low-income communities surprised at the tools' existence and horrified at how they are being applied. Then the participants become energized, thinking of scores of innovative uses for these tools. Their plans were characterized by community control, democratic planning, and governmental subsidies directed to community-owned and worker-

controlled enterprises.

As you gather the information from the agencies and understand what the exercise of tools like tax abatement is costing the taxpayers, you can compare the costs versus the benefits of the current strategy. You can construct your own balance sheet similar to the one on page 120. The agencies rarely do their own cost-benefit analysis so this will be a powerful tool in convincing citizens of the need for a substantial change in economic strategy.

2 RESEARCHING YOUR POLICY OPPONENTS

Step two is a defensive step that becomes necessary if you begin succeeding in changing policy through steps one, three and four. Throughout your work, you will need to keep an eye on who is supporting the status quo "give-away" approach to economic development. At first it may be just a local corporate beneficiary. Later you probably will find it necessary to identify, analyze, and take on more powerful opponents.

In preparing an economic development workshop at the Penn Center for South Carolina coastal residents, the trainers found an interesting phenomenon. Many black residents were angry at outside resort developers who had built plantations of condominiums for the rich in

formerly low-income, agricultural communities. A visit to local development agencies found staff enthusiasm for these same developers. Yet neither detractors nor supporters really knew who these developers were: who owned the corporations; what was their industry ranking and forecast; whether those providing their equity and debt financing could be influenced; or if they had discrimination lawsuits, environmental violations, or labor disputes elsewhere.

You'll find this the norm throughout the South. If your group uses a few corporate research techniques, it will know far more than the local development board that stands ready to finance these developers. The development board in Augusta, Georgia now wishes it had checked into the New Jersey firm that it loaned a half million dollars to relocate. The relocation never occurred and the county taxpayers are still missing the money.

Your research into the company's financial condition will help determine just how many concessions and subsidies your county and its workers need to give, or what the company can afford to give your county. The South Carolina residents discovered that some of the developers had signed affirmative action agreements elsewhere. Places with a hot real-estate market, like Santa Monica and San Francisco, are finding firms willing to give public benefits and pay development fees in exchange for

development rights. These benefits include open-space concessions, day-care facilities, moderate-income housing units, public transit fees, and job commitments.

BUSINESS LOBBIES

Your research likely will reveal that economic policymakers in the state legislature and governor's office listen closely to quiet yet aggressive organizations of business executives whose members are often leading contributors to political campaigns. In the Tarheel State, the group is called North Carolina Citizens for Business and Industry. Another such powerful lobby is the Tennessee Business Roundtable (TBR), which seeks to represent the business community yet remains secretive in regard to its composition.

By its stands against unions in the public sector, improved worker compensation, and tax reform, the TBR set itself on a collision course with unions and most public interest groups. Tennessee Labor Council (AFL-CIO) president James G. Neeley labeled the TBR a "right-wing reactionary group that's going to cause tremendous problems in labor relations in this state." In February 1984, he led an effort to consider withdrawal of union funds from two banks that had joined the TBR. The threatened withdrawal ended when the two banks resigned from the Roundtable.

Photos by Werna Fausey



Bo Huff of the Nashville Friends Meeting, Paul Krehbiel of the United Furniture Workers (with son Alex), and Temore Willis of the Monroe Street Neighborhood Center discuss alternatives for Tennessee's economic policy at a September 1985 conference.

A Balance Sheet

BENEFITS:

In words or figures calculate the following items:

- Number of new jobs for men, women, minorities
- Number of new businesses
- Increase in total payroll for the area
- Additions to tax base
- Improvements in infrastructure and environment
- Contributions to cultural affairs, race relations, and citizen participation

COSTS:

Try to calculate the costs involved in economic development:

- Program costs of staff, adver-

tisements, consultants, travel, entertainment, etc. for the development agency

- Costs of providing incentives such as:

- financing
- tax benefits
- education and training programs
- land, energy, transportation subsidies
- waste disposal

- Cost of pollutants and wastes
- Costs to local culture, race relations, and citizens participation

— from *A Look into Our Community's Economy*, by Tom Schlesinger and George Ogle, distributed by Southern Neighborhoods Network.

companying article by Tom Schlesinger on "Researching Your Local Economy" offers some basic leads for this task.

WHAT YOU WANT TO DO WITH WHAT YOU'VE GOT

The second part of step three is to engage in an alternative planning process to redirect governmental resources. One Southern county where residents have done this innovative thinking is Madison County, North Carolina. The county planning board went through a process of assessing the county's resources, the community's values, and the wishes of its citizenry in regard to their economic future. Their 1983 plan, adopted by the county commission, stands in sharp contrast to the industrial recruitment agenda being pursued by adjoining counties and the state. It emphasizes local ownership, small enterprises, planned land use, and a continued focus on the primary role of agriculture.

Another process that has helped Southerners critique the traditional methods of economic development, as well as design new ones, is popular economics education. "Once people understand how the economy works, we find they are bubbling over with creative ideas of how to run it differently," says Marty Collier of Southern Neighborhoods Network. "In a regional training we did with the Federation of Southern Cooperatives in Alabama, participants developed their own economic policies. They advocated a favorable set of state cooperative laws, state co-op banks with strong grant programs, a regional development office with training programs, and mechanisms to finance community-oriented businesses."

In St. Paul, Minnesota, some of what is regarded as futuristic in the South has been officially adopted by city government. The city's policy calls for "an emphasis on local ownership to foster economic spin-off purchasing in the Saint Paul economy and to increase the likelihood that business assets remain in the area." Another emphasis is "diversifying the local economy through the proliferation of many smaller businesses rather than a handful of larger ones, enhancing the

The bank campaign brought labor's allies to the fore. They formed a Citizens Roundtable which began investigating the secretive TBR. The Citizens Roundtable widely distributed copies of its findings, exposing for the first time the role of this influential, behind-the-scenes lobby and its board members in shaping Tennessee's economic policy.

3 SCOPING OUT THE PROBLEMS AND PROJECTING A SOLUTION

In order to redirect the tools and the agencies in more positive directions your group must go through a step of researching your own constituency's problems and what they envision as solutions. Knowing what your real problems are can keep you on the track of real solutions, rather than being derailed by the development field's many fads or simply accepting the local agency's logic.

Many groups see this step as essential data-collection upon which to base their future demands and struggles. The Institute for Community Education and Training hired 10 local community researchers and three research

consultants to document the economic circumstances of women in 13 counties in the piedmont and coastal regions of South Carolina. The community researchers are low-income women chosen for their interest in economic improvement, as well as their likelihood to continue in a leadership role after the survey results are in hand. This research will add an authoritative punch when the researchers turn into organizers working to change economic policy and conditions.

Similarly, the Appalachian Alliance Land Study, showing the small proportion of property tax paid by large corporate landholders, has been used by its participant-researchers in the continuing activities of groups like Save Our Cumberland Mountains (SOCM), and the Kentucky Fair Tax Coalition. SOCM has pressured commissions in at least four counties to change their mineral taxation policies. The group's efforts in changing state tax policy have raised millions of dollars for coal counties to use for their schools, roads and local services.

Whether your group is focusing on taxes, jobs, discrimination, or inequities of income, it's critical that you undertake an assessment of your county's overall economic health. The ac-

stability of the economy and encouraging innovation." Their "Homegrown Economy" booklet will provide your group with lots of good ideas.

4 CHANGING THE BLUEPRINTS AND TAKING LOCAL CONTROL

In step four your group changes economic development policy, the criteria on which the plans are made, and ultimately the policymakers themselves.

Throughout the South, governments are using the federal Urban Development Action Grant program to subsidize development projects. In Nashville the mayor obtained a \$9.7 million UDAG to construct a downtown convention center. Nashville Communities Organized for Progress (NCOP), eager to find jobs for the city's low-income residents, studied the development plans. They discovered the developers would save \$42 million in interest payments over the project's life because of the UDAG, yet the city had required no written benefits in return. After five months of NCOP demonstrations, the city agreed to negotiate.

Through the lengthy negotiations, NCOP won commitments to guarantee

low-income residents the majority of the middle- and upper-income permanent jobs. The agreement stipulated that of the 1,000 construction workers, minorities and females would be hired commensurate with their percentage in the area labor pool. In the design, construction, operation, and maintenance the city agreed to good faith efforts to use black-owned firms for 25 percent of the work and female firms for at least 5 percent of the work. Numerous provisions were included to ensure that small, minority, and female firms could compete. Other victories included the right of NCOP to conduct unannounced site inspections, and community input into the use of recaptured funds (the amount to be repaid to the city by developers).

Groups across the country have won a series of similar campaigns in getting government agencies to target the benefits of government-subsidized development to their members. Following "first source" campaigns by Miami ACORN, Dade County and Miami agreed to give first priority in hiring to residents on governmentally subsidized projects. In Little Rock a city board made "first source" the city law in exchange for ACORN's endorsement of a referendum for a new harbor on the Arkansas River. Rural groups, like the Agricultural Marketing Project and Rural Cumberland Resources, press local

governmental agencies to buy locally. They contend that public schools and hospitals should support local farmers rather than buy California produce.

In order to get local black residents hired as construction workers on the 235-mile Tennessee-Tombigbee Waterway project being built in their communities, an Alabama group found it had to change federal economic development policy. The Minority Peoples Council discovered that while urban federally funded projects had affirmative action plans, no such provision applied to the largely rural, 40 percent black waterway area. Determined to see residents benefit from the \$1.6 billion being spent, the MPC proceeded to get federal policy changed for all future rural projects. They also demanded, although didn't achieve, a 40 percent black representation on all boards and staffs of area planning and decision-making agencies.

CHANGING THE GAME'S RULES

Your group will want to benefit from more than projects which have already been set in motion. You will want to change the criteria by which all future economic development projects will be selected for local subsidies. The Greater Birmingham Unemployed Committee, Greater Birmingham Ministry, and Neighborhood Services, Inc., convinced the Alabama city in



Participants at a Southern Neighborhoods Network workshop on the economy review fact sheets and listen to economist Jerome Paige.

1985 to adopt criteria that must be met for projects to receive Community Development Block Grant or UDAG recapture funds. The primary criteria focus on creating jobs for displaced or long-term unemployed residents at pay rates above the minimum wage. Both the city of Birmingham and citizens groups have used the criteria to screen out inadequate projects. In addition, \$200,000 in 1986 funds has been set aside for projects that involve community economic development, worker-ownership, or profit-sharing with neighborhoods. (For more on the Birmingham programs, see page 96.)

Reorienting overall state development policy obviously is a bigger challenge — but it should eventually be among your group's goals since so much local activity mirrors state policy. The impetus for change in Florida's policy came from the Miami riots of 1980. Florida had a low average unemployment rate and ranked number one nationally in desirability for industrial location. Yet little trickled down to Liberty City, the Miami neighborhood where violence underscored the frustration at the economic inequality.

Florida citizens involved in grassroots development seized the moment to obtain state passage of the Community Development Corporation Support and Assistance Program, patterned after a successful, 15-year federal initiative. The program supports 34 community development corporations (CDCs) of varying sizes, geographically spread from Miami to Pensacola. These locally controlled organizations receive state funds of

\$100,000 annually for five years for administration, plus some venture capital. Despite its dramatic beginnings, the Florida Federation of CDCs finds it necessary to work closely with the Department of Community Affairs and legislators to ensure continued adequate funding.

TAKING CONTROL OF ECONOMIC DECISION MAKING

It won't take long before you realize that your members know more about the development process than most planners, have a different point of view, and should be the ones making decisions. The challenge of the next decade is to get progressives into decision-making positions on the hundreds of local and state planning boards throughout the South. Black community members in Beaufort County, South Carolina have obtained three seats on the Planning Commission and two seats on the Beaufort County Development Board. From these positions, they are now effectively raising questions about the costs versus the benefits of the county's one-industry resort economy.

In the black belt counties of Alabama, members from organized constituencies are gaining seats on economic decision-making bodies and proposing different projects. In Greene County the board is being asked to subsidize a \$5 million, cooperatively owned, pickle processing plant, which would employ 30 and provide part-time work for some 750 low-income farmers. Even with political backing, you will find that it

is not easy implementing positive programs and policies which benefit your community or constituency. When blacks gained political control of Pritchard, Alabama, there was a "capital strike." Scores of white businesses moved out, leaving the downtown mall largely boarded up.

Your group will join other Southern groups who are on the leading edge of struggling with the subtle interrelationship between political and economic power. Places like Atlanta and New Orleans show that for blacks to gain political power is not enough. Traditional economics is controlled by banks and corporations which increasingly operate on a global rather than a local level. Many parts of the South will be ignored, or even actively shunned, by such traditional brokers who decide where capital goes. These communities face a bleak economic future without citizen mobilization and participation. In this context, the hundreds of local economic development boards will become laboratories for community-based enterprise. It is in them that a new mix and new variety of economic and political power will be pioneered.

Ultimately, citizens will not succeed if their efforts at reform are limited to one state. An individual state will not substantially redirect its policies while those it sees as competitors continue the "war between the states" for industry. Citizens across the South have to work cooperatively to transform economic strategies being implemented in their names and with their tax dollars.

Plowing new organizing turf is never easy. Yet the economic policy game must be mastered if citizen groups are to go beyond reacting to plans by governments and corporations. Your group, along with scores of others, can enable the region's citizens to forge their own economic identity. □

Carter Garber is the coordinator of Southern Neighborhoods Network, a decade-old regional organization providing training, technical assistance, publications, and two bimonthly periodicals on community economic development and changing economic policy. See the Resources listings for SNN's address and several of its many helpful publications.



Public officials from the Alabama Black Belt meet to explore options for community-based industrial development.

RESOURCE GROUPS

Getting Down to Business

Included in this resource section are descriptions for national and regional technical assistance groups, followed by the addresses of the community, research, and/or economic development organizations mentioned in this edition of Southern Exposure.

Nearly all of these groups publish newsletters or occasional reports, and many have publication lists available on request. See the box, "Groundbreaking Reports," and Steve Fisher's list of books for reading materials and sources of bibliographies on economic development.

Our thanks to the Campaign for Human Development for providing many of the listings of technical assistance groups.

TECHNICAL ASSISTANCE GROUPS

Center for Community Change, 1000 Wisconsin Ave., NW, Washington, DC 20007. Telephone: (202) 342-0594. Services are directed to low-income and minority community-based organizations. Areas of expertise: management, fundraising, housing, economic development, financial planning, employment, anti-crime, health care, youth employment, other social and public services, and resource development.

Center for Community Self-Help, P.O. Box 3259, Durham, NC 27705 (919) 683-3016. Specializes in worker-owned businesses and innovative financing. Direct project assistance in North Carolina (see article, this issue). Legal and financial assistance, business planning, business start-ups, and management training.

Consumer Cooperative Development Corporation, **National Consumer Cooperative Bank**, 1630 Connecticut Ave., NW, Washington, DC 20009 (202) 745-4600. Technical assistance and financial support to existing and new low-income cooperatives. Established by U.S. Congress. Business plans, marketing, management and board training. Most assistance is through consultant contracts.

Commission on Religion in Appalachia, P.O. Box 10867, Knoxville, TN 37939 (615) 584-6133. Links churches with community and economic development projects, including leadership development, social analysis, fundraising, organizational development, and technical assistance.

Corporation for Enterprise Development, 1725 K St., NW, Suite 1401, Washington, DC 20006 (202) 293-7963. Assists policymakers with program design and analysis, demonstration projects, research, evaluation, and communication activities aimed at reducing unemployment and poverty by stimulating growth with equity.

Federation of Southern Cooperatives, P.O. Box 95, Epes, AL 35460 (205) 652-9676. Training and technical assistance for agricultural cooperative development, credit union operations, and small farm management. Helps member cooperatives on all aspects of cooperative development, from securing funds and proposal writing to management and administration.

First Nations Financial Project, Route 14, Box 74, Falmouth, VA 22405 (703) 371-5615. Provides organizational, technical, marketing, managerial, and financial assistance, especially to resource-poor tribal governments, inter-tribal consortia, and Native American nonprofit groups. Also undertakes policy research, advocacy, and public education on Native American economic development issues.

Industrial Cooperative Association, 249 Elm St., Somerville, MA 02114 (617) 628-7330. Promotes worker-owned and controlled businesses in low-income, minority and blue-collar communities. Business, legal and accounting needs; feasibility studies for conversion or start-up; computerized planning and financial monitoring; democratic decision-making structures; and worker and board education.

Institute for Community Economics, 151 Montague City Road, Greenfield, MA 01301 (413) 774-5933. Provides community groups, both urban and rural, with information and on-site assistance in finance, community organization, application for tax-exempt status, property acquisition and development, lease arrangements, and negotiations with public agencies. A revolving loan fund is primarily land and housing development.

Local Initiative Support Corporation (LISC), 666 Third Ave., New York, NY 10017 (212) 949-8560. Financial and technical assistance, mostly for urban housing and enterprise development efforts. Urban programs in 23 cities, including Norfolk and Miami. Rural work in eastern NC and WV.

MDC, Inc., P.O. Box 2226, Chapel Hill, NC 27514 (919) 968-4531. Develops, tests, and promotes programs enhancing employment opportunities through job creation, training, and education. Bibliographies and resource materials.

Ms. Foundation for Education and Communication, 370 Lexington Ave., Room 1414, New York, NY 10017 (212) 689-3475. New program (complementing the foundation's grantmaking activities) to help women's organizations diversify and stabilize their financial base, as well as create successful economic development programs for low-income constituencies.

National Congress for Community

Economic Development, 2025 I Street, NW, Washington, DC 20006 (202) 659-8411. An association of community development oriented groups and individuals. Technical assistance includes organizing a CDC, government relations, leveraging the private sector, federal and state government resource development, fundraising assistance, and board and staff training.

National Council of La Raza, 20 F St. NW, Washington, DC 20001 (202) 628-9600. Focus on the organizational capacity of Hispanic community-based organizations. Areas of assistance: fundraising, housing, community and economic development, employment, health and human services, education, research, policy analysis and advocacy.

National Economic Development and Law Center, 1950 Addison St., Berkeley, CA 94704 (415) 548-2600. Legal assistance for economic development groups. Also assistance in organizational structure, effective communications, grant management, program packaging, and organization capacity building, preparation and analysis of feasibility studies, development and review of business and financial plans.

National Federation of Community-Development Credit Unions, 577 Sixth St., Brooklyn, NY 11215 (212) 768-7859. A national network with technical assistance available for member credit unions. Credit union formation, business planning, resource development, control systems.

National Rural Development and Finance Corp., 1718 Connecticut Ave., NW, Suite 400, Washington, DC 20009 (202) 797-8820. Provides direct loans for economic development projects in rural areas that benefit low- and moderate-income residents. Technical assistance available to develop programs for organizations likely to receive NRDFC financing.

National Urban Coalition, Center for Business and Economic Development, 1120 G St., NW, Washington, DC 20005 (202) 628-2990. Training and technical assistance to community-based groups undertaking housing and economic development projects. Tends to assist groups entering development as a means of shifting from grant dependency to self-sufficiency while continuing to meet community needs. Offers full range of financial, resource development, architectural, legal, and business planning assistance.

Rural Coalition, 2001 S Street, NW, Suite 500, Washington, DC 20009 (202) 483-1500. Provides information and exchange of experiences for its national membership through a newsletter and annual conference. Problem-focused task forces concentrate on several

issues, including agricultural and community economic development.

Seventh Generation Fund for Indian Development, P.O. Box 10, Forestville, CA 95436 (707) 887-1559. Arizona office: (602) 774-7222. Promotes self-sustaining development of reservation-based economies, with assistance for projects building on renewable resources, such as fisheries, forestry, agricultural, and artisan activities. Its Economic Development Program office is located in Flagstaff, Arizona.

Southeast Women's Employment Coalition, 382 Longview Dr., Lexington, KY 40503 (606) 276-1555. Coalition of women's leadership groups, with efforts directed at wider economic opportunities for women. Direct advocacy, leadership development for women, research and education.

Southern Neighborhoods Network, P.O. Box 121133, Nashville, TN 37212 (615) 320-5757. Regional, state, and local advocacy work, economic research and training, industrial recruiting analysis, organizational development, group process on business plans and market studies, income generation for nonprofits, staff and board training.

GROUPS IN THIS BOOK

ACORN, 401 Howard St., New Orleans, LA 70130 (504) 523-1691

Association for Community-Based Education, 1806 Vernon St., NW, Washington, DC 20009 (202) 462-6333

Black Workers for Justice, P.O. Box 1863, Rocky Mount, NC 27801

Campaign for Human Development, 1312 Massachusetts Ave., Washington, DC 20005

James Carras Associates, 97 Hendricks Isle, Ft. Lauderdale, FL 33301 (305) 522-4083

Center for Community Self-Help, see technical assistance groups

Commission on Religion in Appalachia, see technical assistance groups

Community Workshop on Economic Development, 100 South Morgan St. Chicago, IL 60607 (312) 243-0249

Council on Foundations, 1828 L St., NW, Washington, DC 20036 (202) 466-6512

Federation of Childcare Centers of Alabama (FOCAL), P.O. Box 214, Montgomery, AL 36101 (205) 262-3456

Florida Federation of Community Development Corporations, 8911 Devonshire Blvd., Jacksonville, FL 32208 (904) 764-1728

Georgia Citizens Coalition Against Hunger, 136 Marietta St., NW, Atlanta, GA 30307

Greater Birmingham Ministries, 1205 North 25th St., Birmingham, AL 35234 (205) 326-6821

Gulf Coast Tenants Leadership Project, P.O. Box 56101, New Orleans, LA 70156 (504) 949-4919

Highlander Center, Route 3, Box Market, TN 37820 (615) 933-3443

Institute for Community Education and

Training, P.O. Box 1937, Hilton Head, SC 29925 (803) 681-5095, 681-2031

Institute for Self-Reliance, 2425 18th St., NW, Washington, DC 20009

Institute for Southern Studies, P.O. Box 531, Durham, NC 27702 (919) 688-8167

Interfaith Center on Corporate Responsibility, 475 Riverside Dr., Room 566, NY, NY 10015 (212) 870-2317

Interreligious Economic Crisis Organizing Network (I/ECON), Episcopal Church Center, 815 Second Ave., NY, NY 10017

Kentucky Fair Tax Coalition, P.O. Box

GROUNDBREAKING REPORTS

To order these reports, which often include helpful bibliographies, see the Resource Group listings for the publishers' addresses.

After the Factories: Changing Employment Patterns in the Rural South. Stuart Rosenfeld, Edgar Bergman, and Sarah Rubin. Detailed study comparing counties in the region and the factors influencing their development. Southern Growth Policies Board. \$7.

Appalachia: An American Tomorrow. Richard Coats. An in-depth look at structural changes in the Appalachian economy. Commission on Religion in Appalachia. 1985.

The Climate for Workers in the United States. State-by-state comparison and ranking of employment opportunities and the working environment. Southern Labor Institute. August 1986. \$20.

Economic Transformation: The Appalachian Challenge. Analysis of structural economic problems, drawn from a series of public hearings, with conclusions and recommendations for action especially applicable for religious bodies. Commission on Religion in Appalachia. December 1986. \$5.

Halfway Home and a Long Way to Go. The Report of the Commission on the Future of the South. Also available are eight reports from the Commission on such topics as education and culture, equity and development, rural/urban differences, international trends, and government financing of economic development. Southern Growth Policies Board. November 1986. \$10 and \$3 for each report.

Shadows in the Sunbelt: Developing the Rural South in an Era of Economic Change. A succinct summary of the impact of existing state development programs and recommendations for new strategies. Several companion reports analyzing old and new approaches to economic development are also available. MDC, Inc. April 1986.

Women of the Rural South: Economic Status and Prospects. In-depth profiles of historical and current trends of employment opportunities for women in selected states. Southeast Women's Employment Coalition. 1986. \$11.

864, Prestonsburg, KY 41653 (606) 886-3877

Mississippi Action for Community Education (MACE), 121 South Harvey, Greenville, MS 38701 (601) 335-3523

Massachusetts Urban Reinvestment Advisory Group, 705 Centre St. Jamaica Plains, MA 02130 (615) 522-3914

MDC, Inc., see technical assistance groups
Minority People's Council, P.O. Box 5, Gainesville, AL 35464

Mountain Association for Community Economic Development (MACED), 210 Center St., Berea, KY 40403 (606) 986-2373

Mountain Women's Exchange, Rural Communities Educational Cooperative, P.O. Box 204, Jellico, TN 37762 (615) 784-8780

Nashville Communities Organized for Progress (NCOP), 211 N. 11th St., Nashville, TN 37206 (615) 226-6400

National People's Action, National Training and Information Center, 954 W. Washington Blvd., Chicago, IL 60607 (312) 243-3048

Neighborhood Services Inc., 1428 5th Ave. North, Birmingham, AL 35203 (205) 251-0734

North Carolina Legal Services Resource Center, P.O. Box 27343, Raleigh, NC 27611 (919) 821-0042

N.C. State University Physical Plant ABE Program, P.O. Box 7801, Raleigh, NC 27695 (919) 737-3590

Penn Community Center, P.O. Box 126, Frogmore, SC 29920 (803) 838-2235

Robeson County Clergy & Laity Concerned, P.O. Box 723, Lumberton, NC 28359 (919) 739-7851

Rural Day Care Association of Northeastern North Carolina, 220 South Academy St., Ahoskie, NC 27910

Rural Education and Development, Inc., Route 1, Box 323-K, Chapel Hill, NC 27514 (919) 967-0597

Save Our Cumberland Mountains (SOCM), P.O. Box 457, Jacksboro, TN 37757 (615) 562-6247

Southeast Women's Employment Coalition, see technical assistance groups

Southern Growth Policies Board, P.O. Box 12293, Research Triangle Park, NC 27709 (919) 549-8167

Southern Labor Institute, Southern Regional Council, 161 Spring St., NW, Suite 820, Atlanta, GA 30303 (404) 522-8764

Southern Neighborhoods Network, see technical assistance groups

Southerners for Economic Justice, P.O. Box 240, Durham, NC 27702 (919) 683-1361

St. Paul Home-Grown Economy Project, Office of Mayor, St. Paul, 347 City Hall, St. Paul, MN 55102

Texas Department of Agriculture, P.O. Box 12847, Austin, TX 78711 (512) 463-7624

West Virginia Council of Churches, Office of Peace and Justice Education, 1608 Virginia St. East, Charleston, WV 25311 (304) 343-7037

Workers' Rights Project (WRP), 1 Chick Springs Rd., Suite 110-D, Greenville, SC 29609 (803) 235-2926 □

NEW BOOKS ON THE SOUTH

This list consists of books noted in the Subject Guide to Forthcoming Books in Print, September 1986. Dissertations appeared in Dissertation Abstracts from March through October 1986. All books were published in 1986, and dissertations appeared in 1986 unless otherwise noted. The entries are grouped under several broad categories for your convenience. The list was compiled by Lynn Haessly for Southern Exposure.

Copies of the dissertations are available in microform or hard copy from: University Microfilms International, Dissertation Copies, P.O. Box 1764, Ann Arbor, MI 48106; 800-521-3042.

AFRO-AMERICANS

Africa and African-Americans: From W.E.B. DuBois and Marcus Garvey to the Present, by Bernard Magubane. Africa World. \$25/\$8.95 paper.

"The Alexandria, Virginia City-Site: Archaeology in an Afro-American Neighborhood, 1830-1910," by Pamela J. Cressey. Univ. of Iowa. 1985.

American Communism and Black Americans: A Documentary History, 1919-1929, ed. by Philip S. Foner and James S. Allen. Temple Univ. Press. \$39.95.

"Amos 'n' Andy: Lineage, Life, and Legacy," by Melvin Patrick Ely. Princeton Univ. 1985.

Best Intentions: The Education and Killing of Edmund Perry, by Robert S. Anson. Random House. \$17.95. January 1987.

Black Church Life-Styles, by Emmanuel L. McCall. Broadman. \$5.95 paper.

The Black Mennonite Church in North America, 1886-1986, by Leroy Bechler. Herald Press. \$17.95.

"Black Musicians in Music City, U.S.A.," by Charles DeWitt Johnson. Univ. of Tennessee. 1985.

"Black Owned Radio and Television Stations in the United States from 1950-1982: A Descriptive Study," by Cora Selman-Earnest. Wayne State Univ. 1985.

The Black Politician: The New Struggle for Power, by Mervyn M. Dymally and Jeffrey M. Elliot. Borgo Press. \$19.95/\$9.95 paper. 1987.

Black Politics: Voices from the Past, by Mervyn M. Dymally and Jeffrey M. Elliot. Borgo Press. \$19.95/\$9.95 paper. 1987.

The Civil Rights Movements in America, ed. by Charles W. Eagles. Univ. Press of Mississippi. \$18.50/\$9.95 paper.

Confronting the Color Line: The Broken Promise of the Civil Rights Movement in Chicago, by Alan B. Anderson and George W. Pickering. Univ. of Georgia Press. \$17.95. January 1987.

"Domination and Legitimation in a Southern School District: The Reproduction of Racism in Black-White Relations," by James Michael Livesay. Univ. of North Carolina. 1985.

Duties, Pleasures, and Conflict: Essays in Struggle, by Michael Thelwell. Univ. of Massachusetts Press. \$27.50/\$10.95 paper.

Dynamic of the African Afro-American Connection From Dependency to Self-Reliance, ed. by Adelaide K. Cromwell. Howard Univ. Press. \$17.95.

"Early Black Film and Folk Tradition: An Interpretive Analysis of the Use of Folklore in Selected

All-Black Cast Feature Films," by Adrienne Lanier Seward. Indiana University. 1985.

"Experiences of Black Tourists in Africa," by Linda Patricia Nelson. Columbia Univ. Teachers College.

"The Image of Black People in American Illustration from 1825 to 1925," by Francis John Martin, Jr. UCLA.

"Impact of Desegregation on Selected Aspects of the Athletic Programs of the Traditionally Black Institutions in the Central Intercollegiate Athletic Association," by Leon Wright Bey. Temple Univ. 1985.

"Interpretations of the Black Civil Rights Movement in the Black and White Press," by Bonnie Lou Ross. Univ. of California-Irvine. 1985.

"A Longitudinal Analysis of the Agenda-Setting Power of the Black Periodical Press," by Dianne Lynn Cherry. Univ. of North Carolina. 1985.

"Mama Always Said: The Transmission of Health Care Beliefs Among Three Generations of Rural Black Women," by Elizabeth Wilson Randall-David. Univ. of Florida. 1985.

"Martin Robison Delany and the Black Struggle for Freedom," by Raimi Olatunji Adeleke. Univ. of Western Ontario. 1985.

"Mississippi Black Newspapers: Their History, Content, and Future," by Flora Ann Caldwell McGhee. Univ. of Southern Mississippi. 1985.

"Playing the Dozens: A Psycho-historical Examination of an African-American Ritual," by Lige Dailey, Jr. Wright Institute (Berkeley).

Plural But Equal, by Harold Cruse. Morrow. \$18.95.

Proceedings of the Black National and State conventions, 1865-1900, Vol. 1, ed. by Philip S. Foner and George E. Walker. Temple Univ. Press. \$39.95.

Sambo: The Rise and Demise of An American Jester, by Joseph Boskin. Oxford Univ. Press. \$19.95.

"Slavery on Long Island: Its Rise and Decline during the Seventeenth through Nineteenth Centuries," by Richard Shannon Moss. St. John's Univ. 1985.

"Social Change and Black Family Life in America, 1619-1920," by Adrian Thomas Halfhide. Columbia Univ. Teachers College. 1985.

"Song Composition, Transmission, and Performance Practice in an Urban Black Denomination, The Church of God and Saints of Christ," by Sara Margaret Stone. Kent State Univ. 1985.

This Child's Gonna Live, by Sarah E. Wright. Feminist Press. \$9.95 paper.

A True Likeness: The Black South of Rich Samuel Roberts, 1930-1936, by Philip Dunn and Thomas Johnson. Algonquin Books. \$34.50.

BIOGRAPHY

As I Remember Them: The Autobiography of Rufe Le Fors, by Rufe Le Fors. Univ. of Texas Press. \$20.95.

Bearing the Cross: Martin Luther King, Jr. and the Southern Christian Leadership Conference, 1955-1968, by David J. Garrow. Morrow. \$19.95.

Bessie Moore: A Biography, by George Fersh and Mildred Fersh. August House. \$19.95.

Crusader Without Violence: A Biography of Martin Luther King, Jr., by Lawrence Dunn Red-

dick. Harper & Row. Price not set.

Francis W. Pickens and the Politics of Destruction, by John B. Edmunds, Jr. Univ. of North Carolina Press. \$25.

"From Reform to Communism: The Intellectual Development of W.E.B. DuBois," by Willie Avon Drake. Cornell Univ. 1985.

"Flamin' Tongue: The Rise of Adam Clayton Powell, Jr., 1908-1941," Lenworth Alburn Gunther III. Columbia University. 1985.

Hard Right: The Rise of Jesse Helms, by Ernest B. Furgurson. Norton. \$16.95.

"Keeping Faith in Jubilee: Frederick Douglass and the Meaning of the Civil War," by David William Blight. Univ. of Wisconsin. 1985.

Lillian Smith: A Southerner Confronting the South, by Anne C. Loveland. Louisiana State Univ. Press. \$22.50.

Long Shadow: Jefferson Davis and the Final Days of the Confederacy, by Michael B. Ballard. Univ. Press of Mississippi. \$22.50.

Moonshine: A Life in Pursuit of White Liquor, by Alec Wilkinson. Penguin. \$5.95 paper.

"Nationalism, Nativism, and the Black Soldier: Daniel Ullmann, A Biography of a Man Living in a Period of Transition, 1810-1892," by Ralph Basso. St. John's Univ.

Ready from Within: Septima Clark and the Civil Rights Movement, by Septima Clark. Wild Trees Press. \$8.95 paper.

"Silver Sutures: The Medical Career of J. Marion Sims," by Deborah Kuhn McGregor. SUNY-Binghamton.

"The Socialist Analysis of W.E.B. DuBois," by William Dennis Wright. SUNY-Buffalo. 1985.

"Tampered Truths: A Rhetorical Analysis of Antebellum Slave Narratives," by Patricia Ann Turner. Berkeley. 1985.

Thomas Chalmers McCorvey: Teacher, Poet, Historian, by George B. Johnston. White Rhino Press. \$20/\$10 paper.

William Giddings Farrington, A Man of Vision, by Patrick J. Nicholson. Gulf Publications. \$18.95.

LITERATURE

"The Aesthetics of Language: Harper, Hurston and Morrison," by Lillie B. Fryar. SUNY-Buffalo.

"Anne Tyler's Treatment of Managing Women," by Dorothy Faye Sala Brock. North Texas State Univ. 1985.

"The Apocalyptic Vision in the Fiction of Walker Percy," by Gary Martin Ciuba. Fordham Univ.

"Beyond Myth: Sexual Identity in *Light in August* and Other Novels by William Faulkner," by Jane Bowers Hill. Univ. of Illinois at Urbana-Champaign. 1985.

Cardinal: A Contemporary Anthology from North Carolina, by Lee Smith et. al. Jacar Press. \$14.95 paper.

"The Critical Response to Philosophical Ideas in Walker Percy's Novels," by Elizabeth Ellington Gunter. North Texas State University. 1985.

Discourse and the Other: The Production of the Afro-American Text, by W. Lawrence Hogue. Duke Univ. Press. \$27.50.

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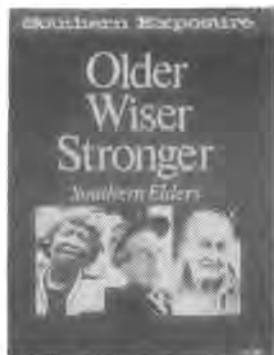
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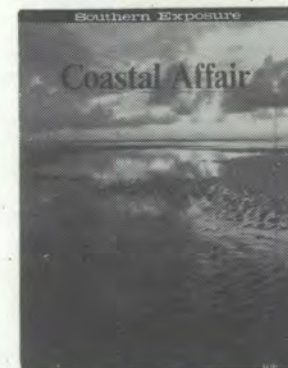


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