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# TOWARDS A NEW VISION

# OF

# COMMUNITY ECONOMIC DEVELOPMENT

The following paper was written by Dan Swinney, Midwest Center for Labor Research; Miguel Vasquez, Center for Community Change; and Howard Engelskirchen, Western State University, Riverside. It has been shaped, amended, expanded and changed by a much larger working group of community organizers, community development practitioners, Federation of Industrial Retention and Renewal project staff, and others interested in the community economic development policy.

This paper is written with the purpose of stimulating discussion and debate, with the broader objective of establishing higher level of programmatic coordination among those active in poor communities.

We encourage friends to forward their criticism, their additions, and description of their related experience. We have been circulating these replies, when possible, in the spirit of promoting common intellectual work on these issues.

The paper will provide a framework for debate and discussion at a conference that will be held in Chicago, May 16-17 at the Ramada Inn, Hyde Park.

Please direct comments and inquiries to Dan Swinney at the Midwest Center for Labor Research.

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# TOWARDS A NEW VISION OF COMMUNITY ECONOMIC DEVELOPMENT

by

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The traditional paradigm for development has generally reflected the values of economically advanced groups and, regardless of our own particular desires, development has occurred as a reflection of the rich upon the poor. Our vision challenges this model.

Today, our communities have been ravaged by deindustrialization and capital flight. Factories stand empty and housing projects deteriorate while the people who could help bring them alive sit idle on stoops and street corners. Plainly traditional leadership has failed and left a vacuum in our midst. The severity of the current crisis has brought with it not only dislocation and distress. It has also created the conditions for the homeless, the unemployed, the working poor and oppressed minorities, organized labor, women, local business, churches and other grass root organization to fight for democratic and effective approaches to development.

These conditions make the necessary space for a fundamental shift in the development paradigm, replacing it with a model that places the economic and social needs of the whole society, particularly its most oppressed, as the target of development. In this model, the costs and role of labor, democratic management, corporate obligations to the community, and environmentally productive technology are not seen as restraints on development, but as dynamic benefits that can drive and develop our productive capacity. The following strategic vision calls for exploiting the opportunity created by de-industrialization and capital flight to re-build our communities and productive capacity. This paper seeks to create the intellectual space to allow those of us who share interest in this field, to work out the details of a new vision for development in the course of engaging in work, development, and evaluation on a community level.

The basic features of this strategy are:

- o A recognition of the fundamental shifts in the international and domestic economy in the late 1970s and their impact on the community and community development.
- o A critique of current community development models identifying their strengths and weaknesses.
- o A manufacturing-centric approach to community development.
- o Creating direct linkages between development efforts and the community to insure accountability.
- o Seeing retention, local ownership and local control of companies as a foundation for further development.
- o Seeking ways to maximize economic democracy and grass-root participation in development.
- o Building the labor/community coalition as the foundation for this strategy.

## I. Communities in Crisis

We watch the social accord put in place with the New Deal unravel and confront an acute phase of a long term restructuring of the U.S. economy. Cities throughout the United States are ravaged by homelessness, poverty and neglect. According to government classification 13.1% of the population was poor in 1988, up from 11.4% in 1978. Last year one out of every three African Americans was classified as poor and one out of every four Latinos -- in both cases a national scandal. The poorest 20% of families receive a meager 4.6% of national income while the richest 5% receive received 17.2% in 1988. That is the highest share of income going to the top 5% since 1950 and the trend towards greater income polarization appears to be increasing at an even faster rate than before. Job discrimination by race and sex has increased and the prospect of future gains narrowed by a climate of hostility to affirmative action. Despite the passage of the Occupational Safety and Health Act, workplace safety has deteriorated to the point that over the last 20 years one worker has been injured every four and a half minutes.

In fact, under the pressure of increased worldwide competition, the dominant sections of U.S. capital, as well as the new "metanational" corporations that don't value the historical relationship between capital and country, have undertaken a global

pursuit of profits with no sense of community loyalty or responsibility. Workers are scapegoated for a loss of competitiveness that stems from a failure to reinvest. But instead of addressing this problem, multinational corporations search for lower-cost labor overseas and an investment "climate" free from environmental, trade union and other social constraints. In the process they have abandoned communities where they were nurtured and took root.

The restructuring of the U.S. economy has involved a dismantling of our existing industrial base and robbed communities of the capacity for industrial and other forms of development. Chicago alone lost 135,000 manufacturing jobs in the 1980s and 3,000 out of its 7,000 factories! Ohio, Western Pennsylvania, and West Virginia lost over a million industrial jobs in the 1980s. And the deterioration of employment in steel, auto and other basic manufacturing continues. Instead of manufacturing, low skill service industry jobs at the minimum wage proliferate, and a premium has been placed on temporary or part time work. Runaway plants and plant closings, drastic force reductions and unemployment all have meant the disintegration of families and entire communities. In Chicago a number of historically poor, but stable industrial neighborhoods like Englewood or Garfield Park lost more than 50% of their manufacturing base in 7 years. Hypermobile capital leaves behind working people who have sunk roots and lack such easy mobility. But then, as the bottom falls out, such communities are cynically labeled "economically non-viable," as if they could be discarded like an old shoe.

Yet even today some business and government leaders resist a coherent policy to guide economic development. Instead a falling rate of profit and deregulation has spawned a decade of financial speculation and unproductive transactions on financial markets --takeovers, leveraged buyouts, junk bonds, and many other unstable instruments have utilized to generate profits with no intent to increase employment or income levels or to secure enduring community development. In fact during the last decade the United States not only became a debtor nation, but became the world's largest debtor nation by far. It is no secret that the so-called Reagan boom was financed by borrowed money. As a result ordinary working people who saw no boom, pay taxes used to pay bank interest on a national debt bloated by the savings and loan bailout.

## II. Critique of Current Community Development Models

Empowering a community to wage its own fight against poverty and urban decay is not a new concept. For the last 30 years, thousands of organizations supported by billions of dollars in private and public funds were involved in community development work and many dedicated practitioners sought to achieve that goal. Many continue to demonstrate enormous creativity in attacking development problems.

These organizations represent a leadership infrastructure and resource network that is committed to community development and has, and continues to provide important assistance in a range of activities geared towards community economic development. In many cases, these organizations have already developed innovative models and projects consistent with the direction of the strategic direction advanced in this paper.

In Chicago, there are a number of CDCs with a focus on industrial development that have always emphasized the linkages between disinvestment, deindustrialization, and community well-being. They are gathered under the framework of the Chicago Association of Neighborhood Development Corporations (CANDO) Industrial Committee. One of the members, the LEED Council, successfully led the fight for Planned Manufacturing Districts in an industrial neighborhood threatened by gentrification and commercial development. Another, the Jane Addams Resource Corporation has been developing a cooperative network that links small metalworking companies together in marketing, training, and production to promote local employment. Greater North/Pulaski Development Corporation provided leadership in building a community coalition to fight the closing of Playskool Toy Company. These positive stories are replicated elsewhere throughout the country, and where they exist, they should be reinforced.

Nonetheless we believe that many current models of community development are insufficient to meet the needs of poor communities today. Previously, community development strategies unfolded within the framework of a relatively stable and expanding economy. Activists could launch campaigns premised on the society's ability to make at least some of the fruits of growth available for development work without necessarily challenging its basic structure. Campaigns advancing demands to redistribute wealth, whether by labor, community, or development groups produced results. That is no longer the case. Today such demands are ignored and wage levels are cut, factories are closed, communities are allowed to deteriorate, and the explosive growth of poverty is hidden.

In many cases community development corporations have become little more than a form of traditional trade association, providing low-cost services to local businesses. Very few development organizations are even oriented towards industrial development, with the overwhelming majority focused on commercial and retail development and housing. Community residents and labor, if represented, are relegated to a token role. Even in areas such as minority business development the CDC is frequently oriented toward entrepreneurial training programs which involve micro or small business start-ups, and these typically have a high failure rate. Many of the devices used are in themselves useful -- sheltered markets, set asides and low cost financing, for example, -- but these do not provide a strategic orientation adequate to

guide the problem of comprehensive community development, or are they on a scale appropriate to the problem or potential.

We believe traditional community development organizations are not well positioned politically to respond to this crisis. Frequently they have been unable to advocate policy options that challenge established boundaries of business ownership and control, or of public accountability. They are often unable to promote government intervention in the affairs of local businesses and lack resources necessary to mobilize the community behind a comprehensive development policy. As an important example, in Chicago recently a major campaign to prevent a British corporate raider from dismantling Stewart Warner, a manufacturing company critical to the viability of a near northwest side neighborhood, was defeated. The only realistic strategy to emerge during the course of this campaign involved the aggressive use of eminent domain to facilitate the acquisition of the company by a minority led team with strong community roots. Most of the staff of the local CDCs personally recognized the necessity of this approach but were unable to support it openly because of the traditional business character of their boards.

## III. Towards A New Vision of Community Economic Development

We begin with the premise is that poverty is indissolubly linked to the disinvestment and deindustrialization occurring in our communities. Therefore community development depends upon a willingness to use every resource at our disposal to reclaim and develop a community's productive base. First, we must retain what exists, to preserve these assets as a foundation for future development.

A major component and opportunity of an industrial retention program revolves around the question of ownership. Technical and financial assistance, public intervention, and appropriate public policy can effectively solve a number of problems if targeted and delivered effectively. Yet with a large number of companies, particularly small ones, there is the need to simply find new qualified owners. Recent research and investigation has quantified this issue. MCLR's 1989 study for Chicago's Economic Development Commission on succession problems in Chicago factories indicated that **38% of all manufacturing companies with 25 to 250 employees had no apparent successor** to takeover the company. On the other hand, the U.S. Department of Commerce survey, showed that **less than 1% of Chicago manufacturing companies are owned by African American's or Hispanics.** This dramatic pattern of discrimination is ironic and unfortunate in that a large percentage of Chicago manufacturing companies are in the minority community and would be more integrated into community development efforts if owned by "local owners". These conditions are replicated in other American cities.

Who owns the company and what values and priorities guide their business plan is the critical determinant in how production is organized, the linkage between the company and other companies or the community, patterns of employment and training, the level of commitment to affirmative action and environmental standards, etc. The opportunity to determine who owns a company, is **the most important single opportunity** for those concerned with community economic development on a community level. We must be prepared to purchase and develop local industries as an engine of community development. In this way, we can most directly promote development with new standards and objectives, consistent with community needs.

This focus, guided by a manufacturing-centric approach to development, creates a foundation for other forms of commercial and retail development. If necessary, legal tools like eminent domain must be exploited to facilitate the acquisition of factories which might otherwise be dismantled--reflecting the determination by local government or the community not to lose its productive capacity. We refuse to treat any community as expendable and are confident that many businesses could in fact operate more profitably if the community were mobilized in their support.

But in order for this to happen there must be a basis for community support. And this support is possible when our vision of development:

- recognizes and celebrates the dynamic and positive role of labor and doesn't "fear" labor costs;

- or doesn't fear democratic and participatory forms of management and development knowing that such involvement contributes directly to the cultural development and education of our people, and to the training of new leaders. These developments can be directly linked to increased efficiency, productivity, and creativity in production.

- is premised on and committed to the eradication of poverty and discrimination;

- sees affirmative action is seen as an opportunity to recover initiative and talent stifled and crushed by white male privilege, rather than a drag on business freedom;

- and stands for ecologically sustainable development.

But if communities are to be mobilized in support of such projects, commercial viability, while a necessary condition of success, cannot be a sufficient one. Typically, traditional stereotypes of a community's resources and objectives seem always seen through the wrong end of a telescope -- everything is diminished and narrowed. We

can not hope to mobilize a community to only serve the short term self interest of an individual entrepreneur. Instead there must be a long term vision of the health and well being of a community which guides its support. What we envision is not a narrow application of only cost accounting categories to evaluate success, but decisions that are based on a "social cost/benefit analysis" that recognizes the full costs to a community of such things as homelessness, ignorance, malnutrition, alcoholism, health care, crime and environmental degradation -- or, by contrast, benefits in terms of jobs training, for example, or education, or cultural development or heightened community organization and sociability.

In order to accomplish these objectives persons and resources habitually left out of the traditional development community must be mobilized. Labor, organized and unorganized, is the major component in our productive capacity. Organized labor is an essential agent of economic and social change. The Steelworkers Union has arranged 16 major employee buyouts in the last 2 years and local unions are an integral part of a working community's infrastructure. Labor/community alliances have been build from Watsonville, California to New Haven, Connecticut. The decline of union membership has resulted in a new openness of unions to work with new partners. Labor must be challenged to organize unorganized elements in poor and distressed communities much more imaginatively than it has ever done, and to be organized around community development as well as labor issues. Rebuilding and expanding the labor/community coalition is fundamental to the success of this strategic vision. These two sectors have the most powerful material incentives and represent the largest, and most powerful source of talent and strength in achieving the objectives of this strategy.

Of equal importance to this strategy is the support and mobilization of the local private sector--the local businesses that have an objective material interest in local development and a stable, developing economy. These are the companies whose current location is fundamental to their business plan. These companies, in contrast to many large multi or metanational companies, see value in their link to the community and want to contribute in any number of ways to its development. They have a material interest in effective use of government intervention to prevent the churning of the local economy by corporate raiders. Some local industrial companies in Chicago supported the proposal for planned manufacturing districts as well as the eminent domain ordinance. Unfortunately, the largest and most powerful companies, have dominated the fight for public opinion and been successful in labeling many of the ideas articulated in this and other similar approaches as "anti-business". New corporate voices, supported by the development community, need to emerge to challenge the perception that the entire business community is of a like-mind, and to frame these issues as "good business" in contrast to "bad business". Greater leadership in this sector should come from employee-owned and minority-owned companies, as well as "social entrepreneurs"--those who place a high priority on social progress as they master leadership skills in the framework of the community's market place. We must

continually examine our style of work in implementing this strategy so has not to prevent the active support, involvement, and leadership of the local private sector in our development efforts.

Essential also are grassroots industrial retention projects which have arisen in the last decade such as those local and regional organizations gathered within the framework of the Federation for Industrial Retention and Renewal. Moreover some of these, such as the Religion and Labor Council of Kansas City, reflect the contributions of local religious communities, and plainly mobilization of the religious community is essential to the spiritual and moral cohesion of a local community's efforts. "The workplace is a sacred place," writes the Kansas City Council in proposing a "Fair Trade Bill of Rights" designed to secure decent standards of labor for workers on both sides of the U.S. Mexican border. Community organizer, Barack Obama has called Chicago's African American churches a "slumbering giant", emphasizing the enormous changes which could be made by even 50 of the thousands of black churches in that city if they collaborated in organizing and staffing grassroots community development.

In all, in order to mobilize the kind of grassroots support necessary to realize our vision we think the relationship of an enterprise to the community must change in three fundamental ways. First, we must democratize the workplace itself by seeking non-discrimination and affirmative action, greater control by working people over safety and other conditions of work, and greater participation by employees in matters affecting their lives which have traditionally been reserved exclusively for management. Second, we must democratize relations among enterprises of the community by facilitating their cooperation and support of each other, and by their common support for the community as a whole. Third, we must democratize the relationship of the enterprise to the community by finding ways for the community to evaluate and monitor a local business's contribution to it's overall economic, social and cultural growth. In these ways, we begin to socialize and democratize the use of the market.

## IV. Refashioning the Institutions of Community Development

The strategy anticipates and requires three organizational components that guide and build our community development efforts.

- The **linked enterprise development company** that is a center for the technical side of development.

- The **linked enterprise network** that coordinates and links the particular companies including those under new ownership because of the efforts of the linked enterprise development company.

- The **community umbrella organization** that is engaged in the range of issues facing poor communities that would hold the development process accountable to community needs.

### 1. The Linked Enterprise Development Company (LEDC)

The linked enterprise development company is established to provide the full range of services and expertise needed to acquire, manage and develop companies in a manner consistent with the social and economic goals of a broader community coalition. Such expertise is not found under rocks, but can be trained from within our midst. If the LEDC is a for profit company then it can be owned by a not-for-profit company to insure the recycling of its surplus into other aspects of community development. The LEDC can function as a clearing house for information about local companies gathered from a broad early warning network of sources including churches, community organizations, development corporations, city government, labor unions, and residents. It may be run by or work closely with unions and churches themselves. The LEDC will assist a company in developing financial resources through contacts with individuals, venture funds, banks, grant sources, and provide also technical services such as accounting, legal, marketing, and management assistance. In all its activities the LEDC seeks to establish a long term position of influence or control over the company, whether formal or informal, in order to monitor performance and assure achievement of community goals. Thus an LEDC might sit on the Board of Directors of a local enterprise or own the company outright. Necessarily an LEDC must be able to attract highly skilled and motivated personnel.

Many current community development corporations either currently provide these services or are positioned to provide them. Chicago Focus, a subsidiary of the Midwest Center for Labor Research, is an example of an LEDC. It is a for-profit full-service merger and acquisition company wholly owned by a non- profit organization devoted to community economic development. Chicago Focus gets leads on acquisition opportunities through MCLR, unions, local government, and the development community, and has developed a pool of minority and other entrepreneurs who are interested in buying manufacturing companies and who are committed to keeping jobs in Chicago. The Worker Owned Network in Athens, Ohio is another such example.

### 2. The Linked Enterprise Network.

Our concept of the linked enterprise network has taken inspiration from the Mondragon network of industrial cooperatives in Spain, the flexible manufacturing districts in Northern Italy, and various efforts at community organizing for community control in the US. Even as an informal network, facilitating contacts among community enterprises could encourage local business to stay in the community, foster common purchasing and marketing arrangements, promote training and educational programs,

provide sites for employment training of residents, and establish links between enterprises and other community organizations. On a maximum level the network would seek to tie these companies together on a formal basis to pool capital and resources for development use, and collectively to create educational, cultural and research institutions capable of providing greater economic strength and leadership in comprehensive community development.

We have no blueprint for how this is to be done and, without a doubt, experience will demonstrate a spectrum of ways in which local businesses express their contribution to community objectives. Some may be altogether modest and show nothing more than a commitment to a community's environmental objectives, for example, or to nondiscrimination and affirmative action in hiring and promotion. Such a network will undoubtedly be developed in stages as we accumulate experience. The Worker Owned Network in Athens, Ohio is an example of a linked enterprise network. This Board brings together several employee owned companies in the Athens area to provide common support and solve common problems collectively. The Jane Addams Resource Corporation has a network of metal working companies in the Lakeview community of Chicago. And there are several other networks emerging in other parts of the country.

**3. The Umbrella Community Organization.**

The umbrella community organization ensures supervision of community planning and development by the community as a whole. Community development objectives should be established by the umbrella organization and the criteria for development success must reflect the community's political vision as well as its inventory of its own and adjacent physical and human resources.

Key to this strategic concept is the objective of community control of the economy. This is not something that can be declared or mandated in the abstract. There is not an adequately established formula that gives detailed direction to a local project. It is instead a process that brings more and more people into economic decision-making by:

a. education about the real variables, values, and options that undergird the existing economy;

b. participating in interventions in the economy that could include being part of an early warning network, participating in a plant closing coalition, participating in a community jobs project, or participating in group production circles in a particular company;

c. participating in a buy-out or start-up of a local company and joining in the effort to successfully manage the company.

The ability to control is earned, not declared. At the beginnings of these projects, the level of "control" will probably be minuscule. Effective projects will systematically extend and expand this control over a period of years. Generally we would expect slow progress initially, with distinct flows and ebbs. But the current conditions in communities permit the opportunity for dramatic growth of these efforts, and leadership must be prepared for that possibility. In the same spirit, democracy is created through a process. Similarly, a project cannot simply declare that it is acting on "behalf of the community". It is developed through leadership taking action on the specific opportunities for development in the community, and then bringing in broader and broader circles of people to participate. It requires the process of building bridges between labor and local residents, between labor and management, between community and local business groups, between religious institutions and community groups, etc. It must be a forum for training broad, indigenous leadership that can sustain community development work beyond the tenure of any particular leader or organization. Our commitment is to continually extend and strengthen democracy within our own structures as we fight for more democracy in the broader community and within the society as a whole.

There is no formula for how such an organization can be build. Examples, however, exist. There are many existing community organizations, networks, and coalitions that are providing these services and leadership, or could easily adopt this approach. The Naugatuck Valley Project (NVP) from western Connecticut is, in many respects, characteristic of the kind of coalition we propose. The NVP is a regional organization of more than fifty religious, labor, community, and small business groups drawn together in response to the dramatic deindustrialization of what was once the center of the American brass industry. Factories which had been locally owned were sold to multinational conglomerates who, in the disinvesting in the region, gave little thought to the valley's economic survival. Local communities felt helpless in the face of industrial collapse. Organizers for the NVP, however, drew on the experience of community organizing and used those lessons to mobilize around industrial retention and job growth. They worked with local trade unions to recognize the early warning signs of plant closings, forced bargaining with corporate employers, arranged, with the help of the Industrial Cooperative Association, an employee buyout, drafted legislation unanimously adopted by the legislature to permit money from a state trust fund to be made available for loans for worker buyouts, and developed a land trust for cooperative housing. According to one sympathetic report, "with chapters in six towns, hundreds of active supporters, and meetings almost daily in one or another part of the valley, the project has become a vital force in the life of the region."

The Tri-State Conference on Steel is a similar coalition built in western Pennsylvania, northern West Virginia, and eastern Ohio --the core of the rust belt -- around immediate local issues caused by massive job loss in steel. The organization has succeeded in establishing a diverse and democratic gathering of distinct interests including union members, rank and file insurgents, church activists, retirees, community organizers and others. Its central demand has been a call for a public authority responsive to workers and community activists concerned with job retention and renewal, and the result was the creation, in 1986, of the Steel Valley Authority, the first industrial jobs authority in the country established through the leadership of dislocated workers and their communities. The SVA is chartered by the state of Pennsylvania and, for the purpose of job preservation, is empowered to broker the purchase and sale of industrial enterprises or to operate businesses directly. For these purposes, it has been given the public power of eminent domain.

The objective of an Umbrella Community Organization will be to ensure the subordination of community development to community goals and values. In one proposed employee buyout, for example, the Steel Valley Authority has offered a lease agreement which requires the mill's operators to ensure a clean environment. The lease also provides for a community voice in decisions which affect it an a nonprofit association has been formed to give local community organizations an equity share in the project. A comparable model has been offered by the Industrial Cooperative Association to ensure that worker owned businesses remain responsive to community objectives. The form of business organization proposed by the ICA involves two classes of stock. Shares from the first class would go to the workforce as a whole and provide full control over all aspects of managing the company within guidelines contained in the company's by-laws. The second class, a single share, would be held by an umbrella-type community organization and would require that the organization be consulted if employee owners wish to change the corporation's by-laws or make other major decisions affecting the community.

The community umbrella organization, as is already the would ensure, for example, that participating enterprises make a contribution to child care in order to facilitate the development of leadership and job skills of women. Environmental and other objectives of the community would be monitored by the organization. It could also facilitate cooperation among residents so that common needs are met cooperatively. One way or another the organization would seek to ensure that programs of adult education, literacy, english language classes, high school equivalence programs, vocational training, computer training and the like are available. It will want to facilitate union organizing by developing contacts between unions and unorganized workers, as the Asian Immigrant Women Advocates of the San Francisco Bay Area have shown. Also, as that organization has done, it will want to concern itself with making medical, legal and other counseling services are accessible to members of the community. Alternate forms of informal dispute resolution among neighbors might be

found. Laundry and food cooperatives and other cooperative forms of meeting essential daily needs could be envisaged. To lead, the umbrella organization must become a center for the eradication of drug and alcohol abuse. In poor communities the drug industry has become a center of entrepreneurial activity for youth and a symbol of material success. The umbrella community organization must fashion alternatives. It must also mobilize the community to deal with homelessness. Factories can be recovered as a center of cultural life and a site for lectures and plays as well as for work. Salsedo Press, an employee-owned company in Chicago opens its doors to the broader community for a Christmas Party and Cinco de Mayo. But in addition to all of these particular issues, **the umbrella organization must link and unify them with issues of economic development into a coherent, consistent program.**

## V. Evaluation

We must be rigorous in evaluating the success of this model in conventional and non-conventional ways. Conventional and quantitative criteria for success will include number of companies saved, number of companies owned by employee and minority entrepreneurs, number of jobs saved. Qualitative criteria for measuring success will measure the quality of jobs saved, worker and community education and participation in development, the linkages between enterprises and community, and the impact on policy. Following is our beginning list of some of the key questions we must ask in evaluating our work.

1. **What will be the quality of jobs that we have retained or created?** Community development can not only be concerned with job development. Slavery used to provide full employment in some communities. We must be concerned with the quality of jobs in terms of wage levels, working conditions, training opportunities, and advancement opportunities. Some current development models perpetuate and expand the number of "working poor" having wage levels that keep the employee and their family in poverty. Recent studies suggest that income levels must exceed $18,000 for a family of four. In the same way, "entry level jobs" is a term loosely used in the development community and often doesn't reflect any genuine opportunity to go beyond the lower rungs or "dead-end jobs" of the labor pool. Related is the need to explore "ceilings" on wages and compensation as well as the "floor" when attracting management and technical help. The Mondragon industrial cooperative complex, has established a ratio that governs the lowest pay levels to the highest of 1 to 4.5.

2. **How are the relations in production changed in our retention and acquisition projects?** Is there greater involvement by the employees in

the production and management process? Are employee-owned businesses or businesses linked to community development projects really managed differently than conventional businesses and does this positively affect the financial performance of the company? We need sustained internal education and employee participation programs in companies that we assist, using materials such as developed by the Industrial Cooperative Association in their "Working Knowledge Program".

3. **Will these efforts contribute to creating companies that are leaders in their sectors in terms of productivity, efficiency, and innovation?** We see these issues as the next major required plateau, following success in retention, ownership and development of companies in distressed communities.

4. **How will this plan for enterprise development be linked directly to the community and its overall development strategy?**

## VI. National Policy/Local Work

The terrain for this work has and will frequently be on a local level at a particular company within a particular community. It must be seen as a step toward creating national industrial and economic policies that correspond to the needs of labor, community, and the broader public. We must take the lessons of these experiences and generalize them in ways that allow their convertability to national legislation, policy, and programs. On the other hand,, this local work is required to create the constituency and leadership that is necessary for the passage and implementation of national policy. The work to implement these strategies in a particular locale is fundamental to the training of the development movement.

These national objectives will only be achieved if there is a determined fight, plant by plant, and community by community.