

# Local Economic Development Planning in an Era of Capital Mobility

## EXTERNAL FORCES AND LOCAL PERSPECTIVE

Capital mobility is the technical term used by policy analysts to describe the movement of industry from one place to another, often between declining and growing local economies. This subject has recently become a topic of considerable research and policy interest at two levels. First, researchers have been concerned with a tendency of corporate forces and national policies to foster a polarization of local economic conditions: disinvestment and plant shut-downs in declining areas simultaneous with reinvestment and plant relocation in growing areas. Second, the accelerated pace of disinvestment-reinvestment since the mid-seventies has begun to be identified as a serious problem for both declining and growing areas.

Indeed, one could argue that local economic development planning as a field has become newly prominent during this period of rapid economic dislocation. The burgeoning literature on local economic development planning during the seventies era of stagflation, recessions and municipal fiscal crisis attests to a strongly felt need by planners to help guide the development of their local economies. The American Planning Association's recently established Economic Development Division has become notable for its rapid growth and for overflow crowds attending its sessions at recent APA conferences.

Still absent, however, is a coherent sense of how a planner undertakes economic development from the perspective of the local community and its well-being rather than in response to national or corporate imperatives. The extraordinary displacement of local for federal perspectives has been argued by Yin (1980) in terms of local program agency structure, and by Bergman (1981) in terms of forfeiting areawide planning for piecemeal grantsmanship. The immutability of national corporate relocation patterns was argued by the President's Commission (1980), which identified the role of local economies as an obliging accommodation to the national trends. Even within states, local governments seem to play negligible--or at best responsive--roles in state level industrial development programs (Redmond 1978; Luebke, McMahon and Risberg 1979).

Yet the need for local economic planning has never been greater. Local planners may be the only force willing to come to grips with the rapid and wrenching changes in their local economies brought about by external forces. The time has come to identify approaches to economic development planning from a truly local perspective.

The remainder of this article will sketch the disparate patterns of economic change in North Carolina communities and then outline the options available to local economic development planners.

## SOUTHERN ECONOMIC GROWTH AND CAPITAL MOBILITY: THE CASE OF NORTH CAROLINA

Economic vitality in North Carolina is so widely assumed that future expectations of growth go undisputed. For example, the North Carolina State Division of Policy Development recently released its workbook for local economic planners. The document's familiar projections of economic growth from 1980-2000 include 948,000 jobs and a 3% annual rise in per capita income (N.C. Division of Policy Development 1981, pp. 11-14). The workbook estimates that 90% of all new jobs will be formed outside the traditional agriculture and manufacturing industries; fully three-fourths of growth in North Carolina is to be found in the population-serving industries of urban areas. Each of the expected growth rates exceeds national averages, but growth will not occur uniformly in all industrial sectors. Manufacturing will employ 28% of all workers by the year 2000 (down from 34% in 1980) and some industries will reduce employment by substantial amounts (particularly tobacco, food, textiles, apparel and wood products). After reviewing these projections, an observant columnist offered the following comments.

...The problem is current, and it doesn't hold implications just for the coming generation, but for today's Tar Heels.

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The newspaper stories continue to startle as they filter in from locations across the state: a hundred or so jobs lost here; a thousand there. Those are not temporary layoffs, but signs of a basic change in North Carolina's economy.

The headlines out of Laurinberg, Shelby, Salisbury and elsewhere as long-established textile firms change plans and methods are not about the future. They tell of today's North Carolinians who are finding their lives disrupted by change they are not prepared to cope with (Noblitt, October 1981).

These comments give local meaning to the research evidence which analysts studying "Sunbelt-Snowbelt" capital mobility have produced.<sup>1</sup> More specifically, Bluestone and Harrison (1980) have observed in the Dun & Bradstreet data a tendency for some southern states to behave like northern states in terms of net employment loss. North Carolina seemed particularly susceptible to net job losses during key periods in the 1970s. Heavy industrial concentration in textiles, apparel and furniture places the state in a vulnerable position during periods of inflation, business cycle decline and stagflation since these markets are highly dependent on the health of the homebuilding and automobile industries. The state's economy is also affected by the secular trend toward "off shore" operations as textile and apparel manufacturers seek lower labor costs in developing countries.<sup>2</sup>

These trends of capital mobility and plant shutdowns in North Carolina industries illus-

trate the range of circumstances which local economic development planners must deal with: industrial growth in some areas, industrial decline in others. The logical questions focus on the amount of growth, the amount of decline, and specific locations.

Table 1 presents evidence of manufacturing employment changes for the 1977-79 period. Two points are particularly noteworthy. First, at least 14,915 manufacturing jobs in 42 counties were lost over a two-year period<sup>3</sup>, 77 percent of which are in textiles and apparel, the two most

<sup>1</sup> The current literature of capital mobility and public policies is primarily focused on northern U.S. cities and regions where industry loss is greatest. The understandable attention paid to these areas tends to reinforce the familiar but essentially misleading view that planning for industry loss is solely a problem for Snowbelt areas and that planning for industry gain is the sole preoccupation of Sunbelt regions. That regional dichotomy is useful to the extent that it reflects very general tendencies toward uneven development, but it uncritically leads one to simplistic policies and avoidable "sectionalist" division (Shaul 1981). It ignores the reality of substantially sound local economies which can be found in the heart of the Snowbelt (Goldstein, Bergman and Paulson 1981) and the extraordinary flux of growth and loss in Sunbelt economies.

<sup>2</sup> Some loss trends in textiles may stabilize due to reindustrialization of that industry with new technology from textile-related capital goods industries (the latter principally instances of foreign direct investment; Leigh-Preston 1979).

TABLE 1: JOB GROWTH AND JOB LOSS IN SELECTED MANUFACTURING INDUSTRIES 1977-1979

1977 Employment (4th qtr.)	Net Job Growth <sup>1</sup>		Industries	Job Loss: Closings/Layoffs <sup>2</sup>	
	Number	Percent		Number	Percent
41,655	2,904	6.97	Food	- 561	1.3
30,080	-3,594	-11.95	Tobacco	- 676	2.2
256,150	-2,222	- .87	Textiles	-8,548	3.3
87,216	- 619	- .71	Apparel	-2,898	3.3
33,367	2,834	8.49	Lumber	- 210	6.3
81,489	1,345	1.65	Furniture	- 580	0.7
21,855	- 569	-2.60	Paper	- 124	0.6
37,661	1,109	2.94	Chemicals	- 64	0.2
22,227	2,436	10.96	Rubber, Plastics	130	0.6
16,970	1,905	11.22	Stone, Concrete	- 80	0.5
38,141	8,721	22.75	Non-Elec. Machinery	- 512	1.3
45,978	10,459	22.75	Electric Machinery	- 300	0.8
10,465	3,733	35.67	Transportation Equip.	- 150	0.6
10,341	899	8.59	Instruments	- 39	0.4
60,586	5,410	8.92	Other Manufacturing	- 53	0.1
794,181	34,410	4.38	All Industries	-14,915	1.9

<sup>1</sup> Source: N.C. Bureau of Employment Security Research. 1977, 1979. Insured Employment and Wage Payments Annual Summary. Raleigh: Employment Security Commission of North Carolina.

<sup>2</sup> Source: N.C. Business Assistance Division. 1978-1981. Plant Closings and Permanent Layoffs in North Carolina. Raleigh: N.C. Department of Commerce.

vulnerable industries. Second, to overcome the loss of 14,915 jobs and also register a net statewide gain of 34,300 manufacturing jobs, the state's other manufacturing industries had to grow by at least 49,215 jobs.

Thus, on average, job growth in the state outpaced job loss by a three-to-one margin. As Table 1 clearly shows, the fastest growing industries in real and in percentage terms are non-electrical machinery (SIC 35), electrical machinery (SIC 36), and transportation equipment (SIC 37); together, they accounted for 65% of net job growth.

The tasks facing economic development planners would be far simpler if three jobs were gained in the same communities where each job was lost, particularly if the actual job losers --and not immigrants--were hired for the new job openings. However, growing industries are not necessarily locating in the places with declining industries. To help visualize the potential for areas to experience various mixes of loss and growth, Table 2 presents summary statistics by general types of area in the state.

Recent manufacturing losses are clearly concentrated in small towns and nonmetropolitan counties of the mountain and coastal regions, while manufacturing job gains occur predominantly in metropolitan counties of the Piedmont. Metropolitan Piedmont gains are particularly heavy for SICs 35, 36 and 37, which are the state's fastest growing industries. These differences illustrate the unevenness of job loss and job gain at general levels of area definition. This in turn points to the likelihood that particular communities across the state will experience a wide range of economic circumstances in the near future. Different cir-

cumstances call for different approaches, even in a "Sunbelt" state. Planners in areas likely to experience rapid economic growth will have to deal with development issues similar to those which may accompany rapid expansion of the microelectronics industry (Whittington, ed. 1981; NC INSIGHT, Vol. 4, No. 3). On the other hand, planners in major job loss areas of the state must consider an entirely different range of options and strategies (Robinson 1981; Tremoulet 1981).

#### STYLES OF LOCAL ECONOMIC DEVELOPMENT PLANNING

The earlier part of this article takes note of two conditions which affect local economic development planners. First are pressures exerted by federal policy and corporate mobility to substitute external needs for local needs in the process of developing local economies. Second is the realization that local economies across the state are affected differently, i.e., some have growing industrial sectors while others are experiencing industrial decline. What, then, are the effects of these conditions on possible styles of economic development planning?

Before this question is explored more fully, a style of planning will be said to consist of several essential features grouped under the broad headings of planning, policy and development. These features are:

- A. Planning
  - 1. Model of Planning practice (orientation of planner)
  - 2. Auspices for planning (agency or institutional setting)
- B. Policy
  - 1. Industrial Policy in locality
  - 2. Labor Policy in locality
  - 3. Enterprise Policy in locality
- C. Development
  - 1. Intervention model of implementation
  - 2. Illustrative development projects

If these essential features are now elaborated for both growing and declining localities<sup>4</sup> we are able to isolate stylistic variations which are due to differences in local economic conditions. To complete our examination, we will assume further that localities may adopt

<sup>3</sup> These estimated losses are undercounted. Not counted are the small plant shutdowns or job losses in remote parts of the state which escape the attention of newspapers or the clipping service used by the N.C. Department of Commerce.

TABLE 2: RECENT MANUFACTURING JOB LOSS AND JOB GROWTH BY AREA 1977-1979

	Loss	Gain	SIC 35-37 Gain
Region (Total)	100%	100%	100%
Mountain Counties	18%	18%	9%
Piedmont Counties	49%	64%	79%
Coastal Counties	33%	18%	12%
Metropolitan (Total)	100%	100%	100%
Metro Counties	35%	60%	70%
Non-Metro Counties	65%	40%	30%
Urbanized Areas (Total)	100%	100%	100%
50,000 and over	18%	-*	-
10-50,000	34%	-	-
Under 10,000	48%	-	-
Total Jobs	14,925	34,751	29,061

\*Statistics unavailable on place of work basis for urbanized areas.

Sources: U.S. Bureau of the Census. 1977, 1979. County Business Patterns--N.C.



one of two perspectives: responsiveness to external needs or responsiveness to local public needs. For reasons mentioned earlier, responsiveness to external needs characterizes much of prevailing practice, and local responsiveness is identified with an emerging (or latent) practice. This sets the stage for posing a typology of four distinct planning styles:<sup>5</sup> two prevailing styles (I and II) and two emerging styles (III and IV) for local economies which are growing or declining. The four styles are laid out in Table 3 in clockwise order of their emergence.

#### Style I: Recruitment Planning

Recruitment planning is the traditional basis for economic development used in growing areas--suburbs and regions--to attract corporate expansion. Public involvement in this style of economic development planning is quite limited. In the words of one observer,

"For the most part, responsibility for guiding new investment to a locality has been perceived historically as being in the hands of the private sector--the province of the local chamber of commerce and the area development offices of the utility companies, the major railroads, and banking institutions. For the local government to intervene overtly in those decisions that determine the nature and level of jobs or the mix of economic activity in the community would have been viewed as an unwelcome intrusion." (Nathanson 1980, p.3)

Private sector vitality and initiative tend to displace expressions of local concern for explicit planning or policy making.<sup>6</sup>

Policies associated with this style of economic development tend to function at the level of operating assumptions. Industrialization of the area is taken for granted as obvious policy.

<sup>4</sup> Most of the following discussion assumes the existence of a local economy which is either growing or declining; but many undeveloped areas tend to behave much like developed economies experiencing severe or rapid decline.

<sup>5</sup> A variant of these styles is discussed in Bergman (1981b) and was also presented at the American Planning Association Conference in Boston, April 1981.

<sup>6</sup> Whether this displacement of concern results from business influence on local politics is a question posed and discussed by Lindblom and others in Siegfried, 1980, pp.239-324. For advice about ways of gaining local public control over industrial recruitment, see Redmond 1978.

This is generally linked with a tacit understanding that industrialization results from a corporate enterprise calculus which reveals the relative advantages of adjusting investments in plants from one area to another. Finally, the implicit labor policy expects workers who receive lower wages and social benefits for their families to subsidize economic development by reducing corporate labor and tax bills (Malizia 1976). A recent editorial posed the effects of this policy clearly:

"In response to an inquiry from a business prospect, the state (North Carolina) Department of Commerce recently compared the pay of computer operators in the banking industry in Minnesota and North Carolina. Computer operators in Minnesota earn an average of \$9.13 an hour, those in North Carolina \$6.40... The difference, the department told its business prospect, amounts to a "savings in North Carolina of \$5678 per computer operator per year." (Guillory 1981)

Typical development models include a wide array of industrial inducements and efforts to enhance the image of the area's "business climate" (Harrison and Kanter 1978; Schmenner 1980). Because it is the most familiar style of local economic development planning, variants of it can be found in nearly every locality, even in declining economies which have been badly affected by industrial losses (NCUED 1977; Nathan Barnes 1976).

#### Style II: Impact Planning

Impact planning is a more recent model of practice which is focused on efforts to mitigate or reduce the worst effects of industrial losses in a local economy. Although episodic experiences during the Depression and again in the recessions of the 1950s established a concern for the effects of plant shutdowns in some communities, formal economic development efforts were not conducted by localities until the recessionary slide of the 1970s. What has since become known as "The Standard Policy Response" (Bluestone and Harrison 1980, pp. 14-15) now constitutes the most recognizable public sector planning approach to economic development. The approach is based heavily on the continued availability of federal programs (CETA, EDA, CDBG, UDAG, FmHA) and it operates out of the local program offices that Yin (1980) has suggested come to mirror the organizational structure and policy concerns of their patron federal agencies.

The main assumption underlying federal and local impact policies is that they reflect a basic responsiveness to external rather than local needs. While federal policies are usually explicit, local policies are usually understood

Table 3  
LOCAL ECONOMIC DEVELOPMENT PLANNING:  
PREVAILING AND EMERGING STYLES

Prevailing Perspective: Responsive to External Needs

	Growing Areas (I)	Declining Areas (II)
<u>Planning</u>		
. Model of Practice	Recruitment planning	Impact planning
. Auspices	Business/industry development commission	Program agencies(CETA,EDA,UDAG)
<u>Policy</u>		
. Industry	Industrialization	Deindustrialization
. Labor	Money/social wage subsidy	Money, psychic, community costs
. Enterprise	Corporate adjustment assistance	Corporate immunity
<u>Development</u>		
. Intervention Model	Industrial Inducements	Impact program expenditures
. Illustrative Project	Kelley-Springfield (Fayetteville, NC) <sup>1</sup>	ILC Steinthal (Roxboro, NC) <sup>2</sup>

Emerging Perspective: Responsive to Local Needs

	Growing Areas (IV)	Declining Areas (III)
<u>Planning</u>		
. Model of Practice	Strategic planning	Contingency planning
. Auspices	Economic planning staff	Economic Development Department
<u>Policy</u>		
. Industry	Industrial integration	Industrial stabilization
. Labor	Labor integration	Producer resources
. Enterprise	Neutrality	Community based
<u>Development</u>		
. Intervention Model	Public-initiated development	Community-initiated development
. Illustrative Project	Unknown	Rath Meatpacking (Waterloo, IA) <sup>3</sup>

<sup>1</sup> See Moriarty

<sup>2</sup> See Region K Council of Governments; Carlisle, et al 1978; Stein 1980.

<sup>3</sup> See Gunn 1980.

implicitly as background assumptions. Still, few planners would have difficulty in recognizing local industrial, labor and enterprise policies if stated explicitly. First, "deindustrialization" is the industrial policy in these declining areas. A firm's need to close or gradually reduce operations in older, less profitable plants means that it will withdraw production in certain areas, i.e., deindustrialize. This policy is, of course, the mirror-image of industrialization policies for growing areas and merely restates the obvious. Second, enterprise policy is based on the locality's implied acceptance of risks associated with corporate modes of decision making and investment behavior. This acceptance of risk probably extends back to a tacit acknowledgment that a corporation will not necessarily keep its plants in places where it earlier relocated them. By extension--although it is increasingly contested in most localities--this acceptance of risk also implies that corporations can later remove such plants and reinvest elsewhere without implied community obligations. Third, labor policy is based on the assumption that costs of absorbing local impacts will be borne primarily by released workers, their families and, indirectly, by other workers in businesses whose employment depends upon local wage purchasing power. Loss of wages, psychic and physiological distress,

higher tax burdens, greater social program expenditures and continued obligations to amortize industrial infrastructure are included in the costs which all workers in the community ultimately bear (Carlisle and Redmond 1978).

Development activities are clearly implied by the term "impact planning". The typical model is a program "triggered" by sudden, unexpected losses of employment and economic activity. Earlier experiences with impact programs were limited to effects caused by uncontrollable acts of God (declared disaster areas) or the military (base closing). National urban policy has since included a concern for reducing the local impacts of necessary--but equally uncontrolled--acts of corporate mobility.

The programs associated with such policies are generally targeted on particulars of the episode which trigger a program: a specific plant, workforce or impact area. The consequences of planning solely for impact effects are twofold. First, in complying with the national policy mandates and program regulations, planners are distracted from efforts to plan for the coherent development of their local economies. Directives which specify criteria for triggers, targets and related aspects of program grantsmanship displace thoughtful plan-

ning. Second, the planner's role in redeveloping a local economy is placed in jeopardy when federal funds are withdrawn (as they appear to be), when localities can no longer afford the costs of standard impact program models, or when planners have no alternative style of planning to guide them.

There are many impact program efforts which localities have attempted that illustrate this stage of planning. One instance in particular concerns the well-chronicled efforts of an economically distressed small town in the North Carolina Piedmont to deal over a four year period with the estimated impacts of an expected plant shutdown (Kerr-Tar Regional Council of Government 1977), an unsuccessful attempt to use EDA Title IX funds to finance an employee stock option plan buy-out of the plant (Carlisle, et al. 1978) and the consequences of an eventual plant shutdown (Stein 1980).

### Style III: Contingency Planning

Contingency planning is an emerging style which grows out of the ineffectiveness of impact planning in declining areas, and from an awareness that planning must anticipate impacts rather than react to them. As plant shutdowns and adverse economic impacts grow more frequent and as economic development officials come to recognize the scale of the problem, some questioning of the assumptions which lie behind the reactive posture of the impact planning model is inevitable. Since impact planning responds to episodes of economic distress only after they happen, actions taken seldom fit into an overall plan for the area. Moreover, efforts undertaken to mitigate these impacts are primarily devised to reduce the effects of corporate relocation. Some local officials have begun to question their past responsiveness to corporate needs. Faced with the sudden shutdown of two of three J.P. Stevens plants in Great Falls, S.C., the mayor declared:

It's a first class shaft; there wouldn't be no J. P. Stevens without Great Falls and no Great Falls without J. P. Stevens. One's indebted to the other. They've kept all the industry out of here, owned all the land, monopolized the labor force and controlled this town lock, stock and barrel. (Allee 1981)

Repeated instances of impacts and many second thoughts by municipal officials are quite likely to lead to changes in perspective which favor economic development that is responsive to local needs. (See Carlisle 1978 for early proposal.)

Since it too is carried out in areas susceptible to plant closings and economic distress, contingency planning must expect future dislocations from external forces which the

local area cannot predict or control (Malizia 1981b). Because local planners can not control such forces, they must adopt an anticipatory stance, and begin to make advance plans for future highly probable events.<sup>7</sup> Contingency planning can help mobilize an area's resources and inherent capabilities to deflect or accommodate impacts brought on by external forces. Contingency planning appraises in advance the strength of all economic sectors and anticipates prospects for plant shutdowns (Tremoulet and Walker 1980), plans potential economic redevelopment projects (Malizia 1981a), and provides community organizations and leaders with the information necessary to initiate local actions (Bergman 1981c).

To carry these tasks out effectively, contingency planning will probably be conducted out of a local economic development department or attached permanently to existing municipal planning and development departments. The change of emphasis expects impact program planners to move beyond their "grantsmanship" skills. They must now apply theoretical and practical knowledge of how their local economy actually operates, analyze key elements of that economy, and design economic redevelopment projects and policies which can be effectively implemented. (Bendavid-Val 1980; Malizia 1981a)

Under the contingency planning model, local policies toward industry, labor and enterprises would respond to local need. Industrial policy would attempt to stabilize industrial sectors with the long-term goal of protecting the locality's economic base. Economic development planning is responsible for estimating what a "sustainable" level of industrial activity would be in that local economy. Knowing the structure and linkages among the full complement of remaining industries, their likely tenure, new industrial investment potential and the total need for local resources which can realistically be provided, planners would be expected to help local officials devise industrial stabilization policies geared to the realities of the 1980s and beyond.

The unavoidable loss of firms in declining areas generally frees up employees who aren't willing or able to relocate, including many at the managerial level. A local labor policy should go beyond typical measures of employee resettlement or the marketing of unemployed labor power to a consideration of other possibilities. Unemployed workers are also skilled people who possess first-hand knowledge of work

<sup>7</sup> Another view of contingency planning poses the central issue as an inability to predict contingent events, and stresses the need to develop plans which take maximum advantage of the opportunities which accompany any crisis (Malizia 1981b).



processes, who often know how to improve methods of production and distribution, and who occasionally are potential suppliers of investment capital (savings, pension funds, foregone earnings, etc). The relation of labor policy to this store of productive resources isn't likely to be overlooked if local enterprise policy is also considered simultaneously. If a policy for the stimulation of new enterprises is developed which takes explicit account of the producer resources held by labor, it is quite possible to stabilize vulnerable sectors in the local economy. Worker-buy outs, employee stock option plans, producer cooperatives, worker-community enterprises, community development corporations, and other innovative examples of efforts over the past decade to stabilize job-loss economies are worthy of close examination (Center for Community Self-Help 1981; Kelly 1976; Mahmood and Ghosh 1979; Zwerdling 1978).

Since many of these approaches require early public involvement in the planning, financing and implementation phases, local labor and enterprise policies should be established before the need arises. Here again, economic development planners are expected to study the conditions and circumstances which account for efforts that have successfully stabilized local economies, and prepare contingency plans for planners' active involvement in each of the phases.

The development activities associated with contingency planning include many of those discussed previously for Styles I and II, but these activities tend to be community-initiated. It might be said that contingency planning as a style began to emerge only after community-initiated efforts demonstrated a clear need for it. Established first as a device for minority groups to exercise economic power in otherwise strong local economies, community economic development has gone beyond its early concerns to include worker-community initiated responses to plant shut-downs in the local economy.

The establishment of UDI-CDC's industrial park in Durham, N.C. is one example of a federally funded effort,<sup>8</sup> and the extraordinary efforts of all concerned with the Workers Owned Sewing Company in Windsor, North Carolina demonstrates a broad based effort to help stabilize the local economy with a minority worker-owned firm (Bergman, Carlisle and Redmond 1979; Miller 1980). One of the most ambitious and far reaching attempts to stabilize a local economy involves union members, corporate stockholders and managers, and public officials in Waterloo, Iowa. This remarkable community-initiated ef-

<sup>8</sup> UDI-CDC has perhaps had greater success in developing its park than in assuring that employers treat workers fairly. See Triangle Committee for Economic Justice n.d.

fort involves local planning of feasibility studies and of two public revolving loan funds, workers' planned purchase of majority shares in Rath Meat Packing Company, workers' decision to forego scheduled benefit increases, and major reinvestments of labor-based funds in modern equipment and production processes under worker-manager control (Gunn, 1980).

#### Style IV: Strategic Planning

This style of planning would be the logical consequence of a growing area that adopts a local perspective toward its economic development planning. Since growing areas by definition do not experience serious job loss they needn't settle for more limited approaches offered by contingency planning. And since these local areas have adopted a local needs perspective, they aren't restricted to planning the recruitment of corporations which wish to relocate now (and perhaps again later). As used here, the dictionary definition of strategic, minus its military sense, provides all the essential elements:

Utilization of all of a [locality's] forces, through large-scale, long-range planning and development to ensure [success]." (Random House 1966)

To help ensure the successful development of a stable and prosperous economy, localities adopt a long-range view of economic development. This posture avoids the problems occasioned by rapid, almost haphazard growth so prevalent in growing areas. It also allows the locality time to organize its capacity to plan for economic development and to properly accommodate desirable expansion of the economic base. Studying lessons learned the hard way in other places is well worth the time it takes, even if local business leaders become a bit impatient with the deliberate approach. A long-term view fosters open discussion and full consideration of plans and policies which affect all segments of the community.

Strategic planning also necessarily entails a large-scale effort to deploy available resources. This does not mean heavy doses of municipal expenditure or large federal subsidies; in fact, it could reduce current expenditures from all sources and lower the risks of heavy long-term public and individual costs. Instead, large-scale effort is a term which implies that economic development be considered an objective for all ongoing municipal functions. The full set of regulations, tax policies, public works and municipal program expenditures should be framed with long-term economic development objectives firmly in mind. A strategic view of planning would put planners in particularly close touch with budgets, tax policies, public procurement, expenditure patterns and public finance. Where these functions are

now essentially managed with conflicting or no explicit policy direction, strategic considerations would call forth a form of local economic planning. The institutional setting for this strategic guidance consists of a local economic planning unit that is placed close to these ongoing municipal functions. A large scale, comprehensive approach boils down to doing the everyday business of local government with one additional long-term objective firmly in mind: economic development.

A policy of industrial integration falls logically into place with this style of economic development. Integration refers first to an inherently logical and desirable mix of industrial sectors, given local resources and other determining factors which economic development planners and officials routinely appraise. The full powers of local government would also be integrated to provide essential public support, assistance, and incentives to preferred industrial sectors, and to do so with dispatch and timely cooperation. Finally, the inherent strengths and vitality of business or industry groups (chambers of commerce, private industry councils, industrial development commissions) which comprise the area's private sector would be harnessed as propulsive forces in local economic development activities. To draw on this strength without also succumbing to its traditional influence, localities must be prepared to negotiate openly with private sector interests on matters where business or industry involvement is critical, but also be prepared to know where such involvement properly ends.

How a growing locality preserves its public perspective on the area's long-term needs and reflects more than the pressing concerns of the private sector is a question of central importance. A moment's reflection on the passive--but often determining--role played by labor in traditional styles of economic development suggests that labor policy may provide the answer. Labor integration as a local policy would expect workers and their organizations (unions, professions, consumer groups, etc.) to represent long-run interests in desirable types of beneficial work and wage income available in a locality, and to do so from a direct understanding of the everyday realities of working in modern business enterprises. This representation might be "integrated" with that of business groups and public officials in an economic development council or some other tri-partite advisory framework.

Labor policy should also establish explicit positions concerning the traditional aspects of local employment planning, i.e., the availability of labor, job placement, job mobility, occupational safety and training. These are policy concerns which supercede any particular programmatic vehicle (eg. CETA) or prevailing program model (eg. human capital), particularly for

localities which adopt a local needs perspective. For many reasons--including the roles played by local secondary schools and colleges--training policies deserve careful attention. A work force must of course hold requisite labor skills, but training might also provide worker awareness of labor interests in economic development issues, in productivity enhancement and innovation, and in opportunities for worker initiated enterprises. Thus, labor policy anticipates more active and direct involvement of the work force in economic development.

Finally, localities would be expected to adopt a neutral position with respect to enterprise type. Neutrality would mean that local government policies, taxes, regulations--nearly all acts subject to local decision making--would favor no enterprise form in particular. Thus, corporations, franchise business, small businesses, cooperatives, community-worker enterprises and all other potential forms of economic enterprise would find themselves on equal footing with respect to local economic development. Such a policy will doubtless require actions by localities to reduce favored treatment to some enterprises and to increase it for others. Recent congressional mandates to the Small Business Administration are a case-in-point at the federal level. Congress now requires the SBA to explicitly allow cooperative forms of enterprise to benefit from its programs; this is a simple example of the changes which localities might need to adopt.

The intervention model proposed here is one of publicly initiated development. A very active public role is envisioned, one which orients many public actions toward economic development, which attaches a sophisticated strategic planning function to appropriate departments and agencies, and which promotes integrated policy positions on the part of major actors. There is evidence that localities are considering the adoption of some of these features, but no place has adopted a fully developed version of Style IV economic development.

#### Elaboration of Styles in the 1980s

The four styles were discussed in the historical order in which they appear. Their evolution has resulted in large part from the increased velocity of capital mobility and the attempts of localities to gain control over their fate. The collective experience of many hundreds of local areas which work to develop their economies will become more widely known to economic development officials and planners throughout the coming decade. That experience will probably not resemble the pure stylistic forms presented above. It is unavoidable that perspectives which favor corporate and local needs will exist side by side in the same locality. Similarly, nearly every area is com-



prised of some industrial sectors which are growing and others which are declining. Thus, most areas will exhibit simultaneously two or more styles of economic development.

It is quite unlikely that planners can remain as complacent or indifferent to questions of economic development as they did a decade

ago. The careful planner will want to sort through emerging trends and experiences of others to identify the styles which seem to work most effectively in different situations or circumstances. Indeed, the main task facing planners in the 1980's will be one of assisting localities to purposely guide the rush of economic events for maximum public advantage.

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