



# For the Public Good

## Calumet Project organizes for labor and community-based economic development

■ *Bruce Nissen and Lynn Feekin*

It all sounded too familiar. As steelworker Dave Martinez sat in his union hall one Saturday afternoon listening to the Calumet Project staff explain the early warning signs of a possible plant shutdown, he mentally checked off what he'd seen at the plant. He also thought about having lost another steel job four years earlier when LTV closed its Hammond bar mill. Now it looked like LaSalle was moving in the same direction.

The staffperson for the Calumet Project for Industrial Jobs explained how 40 workplaces in northwest Indiana were now under the watchful eye of union leaders who acted as plant monitors. The monitors used the early warning "scorecard" developed by the Calumet Project to numerically score indications of a plant shutdown in the making. They looked at such categories as ownership status, disinvestment, sale declines, job loss, mismanagement, quality issues, and production levels.

Dave scanned the room. Other workers were obviously making the connection, too. It was all coming together for them. In early 1990, the members of the independent Progressive Steelworkers Union struck for 30 days over LaSalle's two-tier wage scale and

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attempt to change pension plans. The strike ended in a compromise with few union concessions. Since the summer, however, rumors circulated throughout the plant that the heart of the mill—the 54-worker turning and grinding department—might be relocated.

This early warning meeting began the labor and community struggle in Hammond, Indiana to save LaSalle Steel, a 350-worker specialty products steel mill owned by Texas-based Quanex Corporation. A year later, the plant would expand rather than shut down, the union at LaSalle would be stronger than ever, and the labor-community coalition led by the Calumet Project for Industrial Jobs would celebrate its biggest anti-shutdown victory yet.

### **MAKING STEEL AND MAKING TROUBLE**

Spurred on by the early warning workshop, the Progressive Steelworkers Union joined with the Calumet Project to defend their jobs at LaSalle Steel. Several LaSalle workers had worked with Martinez at the LTV bar mill where the attempt to stop a shutdown had fallen short. For most members of the PSU, however, fighting a plant shutdown was totally new territory; its leaders and membership were challenged to take risks and expand the union's role and its relationship to the community in order to win. PSU president Zed Rixie explained, "We had to do something. If we didn't, the company was going to take our jobs away!"

The union set up three committees to gather information and plan strategy: corporate research, workplace, and workforce/community. In setting up these committees, PSU members took on activities not ordinarily expected of the rank and file. The corporate research committee gathered extensive information on the company's financial condition, the market, and its overall strategic plan. The workplace committee mapped out workflow patterns in the shop, identified the company's key customers, and evaluated space and technology requirements for the operations. The workforce/community committee surveyed the membership to gather demographic information and sources for church and community outreach. Although the union questioned the need for this three-pronged approach in the beginning, as the campaign unfolded members saw their efforts paying off.

Richard Treder, general manager of LaSalle Steel and Quanex vice president, had not yet admitted to the relocation of the turning and grinding department or possible shutdown of the mill. Despite union attempts to force an admission, he did not finally announce the planned closing until November, giving the union

## LRR FOCUS: Calumet Project for Industrial Jobs

Born out of the loss of 40,000 jobs in the deindustrialization of northwest Indiana in the early '80s, the Calumet Project for Industrial Jobs is a non-profit membership organization composed of unions, churches, community groups, and individuals.

The Calumet Project works on job retention and local economic development issues from a labor and community perspective. This includes both short term targeted actions (such as fighting an announced plant shutdown) and long term policy initiatives (such as setting up a regional industrial authority to protect the region's economic interests). Equally important, the Project seeks to open up the process of economic development to worker and community voices in the decision-making arena, an arena invariably under the exclusive control of business interests and the politicians.

Economic decisions for the region must be guided by one question: how does this affect the community and workers in this area? The Calumet Project approach channels all organizing toward its labor, church and community constituencies and makes sure that they shape and work for their own solutions.

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only the 30 days warning required by the contract.

The union promptly requested involvement in all meetings concerning the proposed relocation and called a press conference detailing the threatened job loss. Treder responded angrily, but a few days later, backtracked and withdrew the notice, claiming to need more time.

In early December union members and community residents organized a public meeting to hear the Hammond mayor and city council members, the State Senator, and the local Congressional Representative's aide all pledge to support the campaign to save jobs. Tom Browne spoke on behalf of Congressman Peter Visclosky: "We are not interested in a company whipsawing its workers or the community. The Congressman will get in touch with Governor Bayh to make sure no state monies are used to lure jobs out of Hammond."

The Calumet Project intervened in two areas not typically addressed by job-saving campaigns. First, it urged Hammond Mayor Thomas McDermott to avoid a "bidding war" with the targeted relocation site in Frankfort, Indiana (110 miles south). Second, the Project became an alternate source of information for LaSalle's parent company in Texas. It provided Quanex with information proving that Treder had submitted misleading quality

records to discredit the grinding department. Throughout the campaign, the Project sent Quanex local press coverage and other information the corporate headquarters most likely would not have received.

Around the holidays, union activism slacked off. Some union leaders feared that a Calumet Project proposal for a "Christmas card to Treder with a message" action was "going too far" and might backfire. The Project felt the action would keep the initiative on their side, but the union had the final say.

This was in keeping with a basic Calumet Project principle: never "go it alone" against the will of the union local. Unilateral action by the Project would likely destroy years of building credibility with the local labor movement and would violate our designated roles: the union as representative of the workers and the Calumet Project as a coalition partner and co-strategist.

Treder might have interpreted the lack of union activity as a sign of weakening. In January 1991, he again notified the union of a tentative decision to relocate, adding the "short cut" line to the list of jobs at risk. He then intimated that if the union took



massive concessions—nearly \$1 million worth—the relocation decision might be reversed.

In plantwide training sessions attended by over 100 workers, the union and Calumet Project developed a six-point strategy to combat Treder's plans: (1) reject all concessions; (2) expose glaring errors in Treder's figures; (3) develop a counter-analysis with available data; (4) call for a feasibility study of how to save the jobs in Hammond; (5) request that LaSalle cooperate with the feasibility study and postpone a final decision pending its completion; and (6) continue broad community and media outreach.

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**"Since we've won this, everything has changed. Management has changed; now they're putting big money into the company; they're looking for new customers; and labor management relations are better. Now we're always watching. And we're ready to act if we have to."**

**—Dave Martinez**

**Progressive Steelworkers Union**

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They carried out the strategy with precision. "I've never seen so much of the community pull together like that," exclaimed Rod Fields, the union's financial secretary. "The plan was hitting on all cylinders." During February, every significant event converged to create a united front of opposition. The media, public officials, church, and community leaders all stood with the LaSalle workers.

First, a major daily newspaper, *The Times* in Northwest Indiana, published an editorial in favor of the "Save LaSalle Jobs" position. It rebuked the company for its lack of loyalty to its employees and urged the company's cooperation in a feasibility study.

Second, the Calumet Project disclosed what news stories called "a clear betrayal of public trust": LaSalle had received a \$97,500 tax abatement two years earlier for the same "short cut" line it now threatened to relocate. From this point on, Treder refused to speak to the press.

Third, the Hammond City Council and mayor responded to community pressure by writing their counterparts in Frankfort requesting that no public subsidies be given to LaSalle. The letters pointed out that a bidding war between the two towns would only benefit the company. Expressing sympathy with Hammond officials, Frankfort Mayor Don Snyder responded favorably in his local press: "I can't see us offering incentives for them to

come here because I wouldn't want that to happen to any of our companies.''

These events made the intended relocation extremely difficult to accomplish. LaSalle faced opposition and hostility from the union, community, and concerned public officials; it received unfavorable publicity from the media and no welcoming arms from Frankfort officials who questioned the company's motives.

On March 5, 1991, the company announced through a press release that it had reversed its decision. LaSalle's turning and grinding department would stay in Hammond. A few months later, LaSalle quietly dismissed Treder from his position. The new manager has worked hard to establish better relations with the union, media, and community. In late 1991, new equipment was delivered to the Hammond plant: instead of closing, LaSalle expanded and created new jobs.

The union and Calumet Project won completely. Jobs were saved, the entire plant made more secure, and an anti-union plant manager was replaced.

The campaign holds important lessons for other labor/community coalitions facing a shutdown. First, no campaign to fight a plant closure is fully unsuccessful: lessons are learned about what works and doesn't. Rank and filers see the union standing up to save their jobs—and are changed forever when they become involved. Consciousness is raised about the relations of the corporation to its workers and the community.

The second lesson from the LaSalle campaign is, one campaign builds for another. The LaSalle campaign drew on the experiences of Dave Martinez and about a dozen other LaSalle workers who were veterans of a struggle to save an LTV bar mill four years earlier. Not one of them had been leaders in the previous "unsuccessful" struggle, but their understanding that it was important to resist plant closures proved to be the spark plug for the entire effort to save LaSalle.

Finally, don't wait around for 100% involvement of the union. Many leaders and members alike fear going outside the traditional function of bargaining and grievance handling to tackle corporate research and outreach to the community. Enough committed people, willing to take risks, can keep a campaign going to the end. At LaSalle, the union and community learned that an early warning, a quick intervention, and a united front could reverse a shutdown decision and save jobs.

Fighting shutdowns is not the only way the Calumet Project builds labor and community-based economic development. Following the LaSalle victory the Project entered a campaign to



*Taste of Gary petition drive.*

force corporations to pay for the free ride they were receiving on tax subsidies. The Calumet Project moved corporate and government deals out of the boardrooms and into the streets of northwest Indiana.

### **FIGHTING THE FEEDING FRENZY AT THE PUBLIC TROUGH**

What's a job creation promise worth? Nothing, when it exists only on paper.

Property tax abatements to businesses are Indiana's favorite economic development tool. Yet no credible evidence proves they actually create new jobs. In northwest Indiana, almost all plant expansions and new plants are granted an abatement, regardless of company need or benefit to the community. These abatements, which are not subject to oversight or controls, actually shift greater tax burdens to homeowners and other businesses.

In the fall of 1989, the Calumet Project investigated the effectiveness of tax abatements in Hammond. The numbers painted a shocking picture: for one year alone, over \$15 million in abatements had been granted to 16 companies. As for job creation, 804 jobs had been promised, but only 74 delivered.

The Hammond study kicked off a two-year struggle by the Calumet Project that won tax abatement laws at the state level

and in two municipalities. These victories proved that complicated tax issues can become the rallying point for a community campaign when people realize that their tax dollars are going to corporations with no return of promised jobs.

In the 1989 Hammond effort, the Calumet Project and a local community organization, Interfaith Citizens Organization, launched a citizens' campaign to end abatement abuse. The campaign called for a city ordinance requiring company financial information up front, public hearings, and annual reports on job creation. In addition, companies failing to create promised jobs would be subject to a hearing and possibly a small fine.

The city's economic development department and the local Chamber of Commerce opposed the proposal and effectively stalled it for a few months. Labor and community allies countered by holding public meetings, canvassing in the neighborhoods, and targeting key members of the city council. The grass roots organizing paid off. After easing the companies' financial disclosure requirement, the Hammond City Council passed the ordinance and over-rode the mayor's veto in the summer of 1990.

The Hammond victory was important, but fell short of the Calumet Project's ultimate objective: effective sanctions against companies abusing public subsidies. The existing state law did not allow municipalities to impose any sanctions. Supportive legislators introduced a comprehensive tax abatement bill which passed the Indiana House but was refused a committee hearing in the Senate. However, the key provision mandating municipalities to deny abatements to companies that don't deliver the promised jobs was grafted onto another bill which became law.

The provision has already proven its worth. In November 1991, United Airlines agreed to build its maintenance facility in Indianapolis, creating 6300 to 7000 jobs. United received incentives from the city, county and state totalling nearly \$300 million—but with a twist. If the airline does not meet the promised job creation and investment goals, it must rebate the government subsidies. *City and State*, a national publication for the public sector, hailed the agreement in an editorial: "If we can't stop the incentives wars. . . we at least should know enough to require promises in exchange for incentives."

Having won a major victory at the state level, the Calumet Project concluded that a model ordinance could still be won at the local level. Organizers set their sights on Gary which also had a history of granting tax abatements with little accountability or results. "There were a lot of companies that promised a lot of jobs," charged Willie Moore, vice-president for both USWA Local 1014

and the Calumet Project. "But once they got the money, there was no way to make them do anything." In the spring of 1991, a coalition of trade union leaders and community activists began to formulate an ideal ordinance and organize for its passage.

The process of organizing for the Gary tax abatement ordinance followed the basic principles of the Calumet Project: a participatory process in developing the ordinance; mutual responsibility among the coalition partners; and a long-term perspective to build the organization through the campaign.

## LRR FOCUS: The Gary Tax Abatement Ordinance

### The Applicant Company must:

- notify employees (and union if one is present) of its intent to apply for an abatement;
- provide detailed financial information on both the plant and any parent company (including sales, profits, net assets, capital investments, debts, capacity utilization);
- list any previous public subsidies received and figures on number of jobs promised and delivered;
- report construction jobs created, permanent jobs gained and lost, and changes in job conditions and wages for existing employees.

### The City must:

- deny the abatement unless jobs created are at or above the prevailing wage for that job category, (minor exception for up to two years for business start-ups with fewer than 50 employees);
- deny the abatement unless the applying company provides a full health care package to all employees working more than 25 hours per week (exemption for up to two years for very small employers with less than ten workers);
- deny abatement for jobs only being relocated;
- fine the company up to \$2500 for falsifying information on application or in its reports;
- terminate the abatement if the recipient company fails to create the promised jobs, moves the equipment, or does not live up to its commitments.

A core group of eight to fifteen people worked steadily on formulating the ordinance and mobilizing their constituencies for its passage. The law they won provides some of the toughest language in the country requiring corporate accountability for public subsidies. (See box.)

Churches and senior citizen networks participated in the campaign. Several churches circulated petitions among their congregants and inserted information on the issue in their church bulletins. Senior citizens, many of them retired union members, supported the proposed ordinance and a few took on leadership roles in the campaign. Union participation was not massive, but several union leaders from the Steelworkers and Hospital Workers 1199 actively supported the drive.

Lorenzo Crowell, Hospital Workers Union leader, was an active member of the team. "This showed me that citizens working together were able to effect changes in the system, primarily by relentlessly pursuing their cause and sticking to their convictions," he declared. "That's what it took to get the politicians to make the necessary changes."

The coalition also reached out to the community. Volunteers canvassed two Gary neighborhoods in the petition drive, obtaining hundreds of signatures in support of the proposed ordinance. Signatures gathered at Gary's summer festival, the "Taste of Gary," gave folks a taste of public and corporate accountability.

In another outreach effort, two Calumet Project board members appeared on a local radio talk show with a wide audience in the African-American community. In a city with such long-standing high unemployment as Gary, the failure of companies to come up with their promised jobs was the critical issue; the shift in the tax burden came in second. Listeners responded favorably to the proposed ordinance. One person called in to say: "I'm tired of paying more taxes so companies can get a break. These companies should have to create the jobs, or they don't deserve the tax break."

By early summer, labor-community organizing had moved most of the city council from skepticism or indifference to mild support for the ordinance. Two public meetings drew almost 100 people, but community pressure induced five city council representatives to appear at the second meeting and take a stand on the proposed ordinance. It was election year in Gary and public sentiment supported the proposed law. The Calumet Project kept up a steady flow of tales of past abuse, making it hard for the business community to publicly lobby against it.

But what if the business community had gone on the public offensive against the tax accountability ordinance? Organizers

knew that although the multifaceted outreach garnered overwhelming public sentiment for the ordinance, the support was basically "soft." While citizens enthusiastically signed petitions and called radio talk shows, they did not show up en masse at community-wide meetings or city council meetings. Could the Calumet Project organize people to fill Gary City Hall if need be to ensure passage of the ordinance?

Fortunately, organizers did not have to find out. The Gary City Council unanimously adopted, and Mayor Thomas Barnes signed the tax abatement ordinance in September 1991.

But winning is one thing; enforcing is another. Unless the Calumet Project and community remain vigilant, the ordinance may be neglected or ignored.

The Calumet Project and its allies organized successfully in three different arenas: Hammond, the state of Indiana, and Gary. But the real news is not the victories themselves. As Calumet Project volunteer Juanita Williams says, "Workers and citizens now understand the power of coalition work. We're going to keep the pressure on and challenge other unfair policies. That's the only way to shake up 'business as usual!'"

### FOR THE PUBLIC GOOD

Economic development and job retention activities in northwest Indiana have been altered because of the existence of the Calumet Project. To some degree, the terms of the economic debate have been changed; public officials can no longer shape economic development policy simply with unaccountable subsidies and favors to business. Corporations can no longer assume that their management decisions will be automatically accepted by communities.

A strong labor-coalition is no accident. Nor is it easy. The Calumet Project model offers several lessons—for its limitations as well as its accomplishments. The methods that are basic to the Calumet Project's approach differ, at times greatly, from those of other industrial retention groups.

*First, successful interventions require unions, community organizations, and churches to expand their self-defined roles.* Unions are empowered in entirely new arenas when they monitor their workplaces for early warning signs, mobilize their members and the community in job-saving campaigns such as the LaSalle Steel campaign, or actively participate in coalitions on supposedly "community" issues such as tax abatement abuse.

I SUPPORT THE EFFORTS OF GARY CITIZENS AND THE CALUMET PROJECT FOR INDUSTRIAL JOBS TO REQUIRE COMPANIES WHICH RECEIVE A TAX ABATEMENT FROM THE CITY OF GARY TO BE ACCOUNTABLE TO THE CITY FOR LIVING UP TO THEIR PROMISES.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
1. <i>Donna J. Clark</i>		
2. <i>Grace Perini</i>		
3. <i>Zach Sibley</i>		
4. <i>Melvin Budo</i>		
5. <i>Vivian Branch</i>		

**'Buying' jobs is a risky business**

It must be tough to create jobs in Hammond: \$15 million in tax breaks to spur employment and not a single job created. That's a record that almost seems impossible to achieve. But that's the score, according to a survey by Calumet Project for Industrial P.L.S. City officials reported, says estimates from 10 companies that the

**EDITORIALS**

**Big pay cuts aren't the best way**

**TAX ABATEMENT**

...employee givebacks. ...loyalty to its workers.



**HAMMOND TAXPAYERS NOW IS THE TIME TO DEMAND ACCOUNTABILITY**

- When a business promises 50 jobs in return for a tax break, how many do you believe it should create?
- Should the City have some way of checking to see if companies deliver the promised jobs?

**ARE WE GETTING OUR MONEY'S WORTH?**

**IT'S THE UNION DOING AVE JOBS AT LASALLE?**

**find out - This is an important meeting. Union is only as strong as the people!**

Unions which base their activities on an "organizing model of unionism" are more likely to understand the critical role unions play in labor-community alliances. For unions already internally organizing, early warning and job retention fights are much more easily grasped and accepted.

Labor union support for the Calumet Project is broad, but not always deep. Twenty of the 27 member organizations are labor unions, but most are only sporadically involved in the Project's work. For most unions, its a leap from traditional union priorities of bargaining for and servicing members to strategizing and mobilizing around job retention and economic development issues.

Churches and religious leaders likewise can become a real force in shaping the community's economic agenda if they dare to see economic justice as part of their spiritual mission. Unlike some regions of the country, the church community in northwest Indiana does not have a strong history of social activism. Progress in developing this 'leg' of our coalition is slow; only a few churches are on board.

In addition, community organizations play a smaller than desired role in Calumet Project activities. Citizen activism is sparse, so the area is not particularly fertile ground for networking. In other areas of the country, community organizations play far greater roles than they do here.

*A second lesson drawn from the Calumet Project experience is that labor-community coalitions function within a context dominated by business interests.* Northwest Indiana is dominated by large worksites owned by Fortune 500 companies. With that in mind, the Project selects its goals and specific projects with great care. It considers whether a particular campaign will build the base or empower its constituencies, and is winnable. In most cases, victories are possible only on issues when a clear majority of the public finds the corporate-interest argument untenable (such as the poor performance of tax abatements), or if the business sector itself is divided.

*Third, the economic decision-makers must be susceptible to pressure that can be mobilized locally.* This means that the corporation must be somewhat dependent on the good will of local public officials, good relations with the local media, non-antagonistic relationships with its workforce, and/or positive relations with the community.

*Fourth, coalitions operating at the local level are effective but only in a limited arena.* They have little immediate influence over national public policy or global economic forces. Calumet Project victories to save LaSalle Steel jobs or pass the Gary tax abatement ordinance were possible only because global economic forces allowed room for maneuvering.

We shouldn't underestimate the value of local struggles, though. The opportunity to change national policy will come only when enough local actions like these start breaking out around the country.

*Finally, labor-community coalitions must be willing to be there for the long haul.* The Calumet Project has been building its base since its inception; effective base-building takes years. It may be decades before the many small victories and countless efforts add up to a really effective coalition. But the effort is necessary.

Without a commitment to the long haul, labor-community coalitions will remain mostly peripheral organizations with little influence. Simply having good ideas or running glitzy media campaigns is no substitute for building that influence.

### **SETTING OUR SIGHTS ON THE ENVIRONMENT**

The problem and potential of coalition-building will be put to the test in one part of the Calumet Project's agenda for the 90's: creating an environmental early warning scorecard and network.

Environmental degradation is a major roadblock to job retention and renewal in northwest Indiana. The region currently has five Superfund sites awaiting clean-up, with more Superfund candidates pending. A labor-community approach aimed at sustainable manufacturing, rather than no manufacturing is essential.

One "Save Jobs" campaign was derailed solely because of environmental contamination. After nearly succeeding in reopening an idled bar mill, the Calumet Project/Steelworkers-led campaign collapsed. Although a new owner had been found who agreed to rehire the former workers and recognize the union, the sale fell through when an inspector discovered PCBs on the site.

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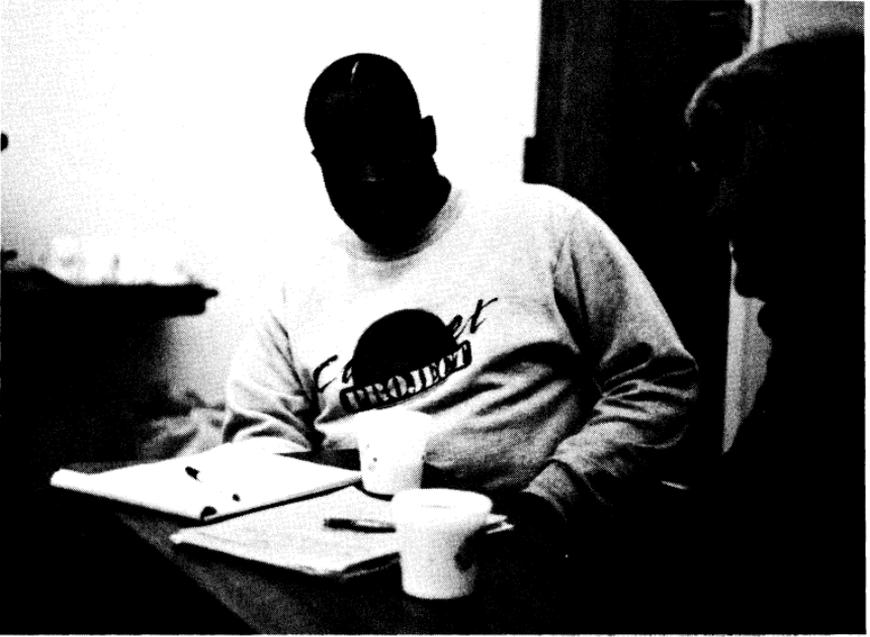
**"I believe the labor movement should become more involved in environmental issues because they affect the union directly. They affect job retention and the quality of life in the communities. Labor has a personal stake in being at the table when environmental policy is made."**

**—Bennie Bailey  
Calumet Project Board Member**

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Environmental early warning will be a hard sell. The first and most difficult task is convincing workers that pollution is not a natural by-product of their jobs and environmentalists are not the enemy. Environmentalists, for their part, need to recognize that fighting for a cleaner environment is also about better health and safety—and job protection—for workers.

This nascent work in environmental-industrial coalition work represents both the difficulties and potential rewards of building labor and community coalitions. The false distinction between the interests of workers and community members must be erased: after all, workers are community members too. The polluted



*Bennie Bailey meets with Mary Ellen Lloyd, interim chair of the FIRR Religion Task Force.*

environment they work in is the same one they come home to at the end of their shifts. Citizens who don't work at the plants need to understand how the viability of their community depends on sustainable manufacturing.

## CONCLUSION

That early warning workshop two years ago changed Dave Martinez's life. It also changed the community. They found that individuals working collectively could make a difference.

The Calumet Project is proud of its accomplishments, but the success of an organization cannot be measured by victories alone. The long-term impact of the Project will depend on what citizens who become involved in our campaigns learn from them—win or lose. If our struggles expand the realm of the possible in the community's consciousness, then we are succeeding. If each member of our coalition grows stronger through their involvement, then we are building for even greater struggles in the future. If more unions and community groups in other regions of the country commit to building permanent coalitions, then we will move closer to ensuring that economic decisions are made not only for the corporate good, but for the public good. ■