

## Rustbelt Community Development: Common Wealth, Inc. in Youngstown, Ohio

by

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Rustbelt decline in one-industry towns is one of the classic problems of late twentieth century community development. Such places contrast with large cities like New York and Chicago, which have very diverse economies. Manufacturing decline in these places, while dramatic and painful, was to some extent compensated for and even reversed by dynamic growth in other sectors, particularly productive services and corporate headquarters.

This economic diversity also supported political diversity. Labor unions were at the base of a variant of social democracy that thrived in some of these cities earlier in the century and supported organizing traditions and a political culture that legitimized self determination of various sorts. As the early and mid century forms of this went through transformations, there was at least some tendency to pass this tradition on to organizations with other bases: neighborhood, ethnic, and public sector unions. And in some instances -- Harold Washington's administration in Chicago in the middle 1980s for example -- these political tendencies began to influence and reinvigorate the economic diversity of the city. Washington institutionalized the practice of protecting small manufacturers from displacement by commercial and real estate interests, for example.<sup>2</sup> So the causation was not strictly economic, but also political.

But many other rustbelt places were much less diverse and complex: some large cities, but mainly smaller ones where the balance between the manufacturing base and the services economy was overwhelmingly one way or the other, or the numbers on each side were too small to withstand shocks of major plant closings or commercial decline. In these cases the political cultures were much less able to counteract new challenges.<sup>3</sup>

Perry, Markusen and others have defined a rustbelt profile.<sup>4</sup> A history of peculiarly American industrial relations, leading to conflictual situations at the factory and firm, resulted ultimately in disinvestment and decline. But the sequence that led to decline also created a political incapacity to respond to the decline in creative ways.

A survey of U.S. local economies would indicate some of these elements present in most places, but it was the "rustbelt" of the U.S. from the midwest to New England, where the concentration of basic industry was, where these characteristics were most concentrated. The main elements were the following:

- a) A concentration of heavy industry, historically dependent on unskilled and semi-skilled labor. Fast growth and the use of unskilled immigrant labor early in this century created a pattern of industrial practices that simplified work, factoring processes into units that could be supervised with a minimum of delegation. <sup>5</sup> The resulting mass production type of industrial organization created great material wealth for the majority of the population.
- b) At some point in the first half of the twentieth century, local ownership sold out to a multinational corporation, which invested still further in productive capacity. Local management was reduced, but production employment held steady or increased, particularly under the stimulus of WW2 and postwar demand. <sup>6</sup>
- c) This management style and industrial organization also had a political side. On the one hand it created support for a particular form of welfare state emerging from the New Deal period: a minimum welfare floor, a certain level of housing and social services support became necessary and affordable as big firms lost interest in paternalist caring for local populations, or as they sought bureaucratic solutions to social services problems they had previously handled more informally. <sup>7</sup>

In localities, workers in mass production industries found they had little need for political activity. Taxes were not onerous, as big factories shouldered the main burden. Minimal schooling was needed, as mass production did not require it. Local management, no longer as dominated by, or led by, major local firms, withdrew from participation. Politics became a closed activity. Organized crime ran prostitution and gambling in many places, gaining a foothold it would be reluctant to give up; later it moved into drugs.

- d) Later, management ideology that was slow to adapt to increasing labor capacities. By the latter half of this century observers noted a tendency to "dumbing down" of the labor force rather than adapt structures that gave workers more autonomy. <sup>8</sup> Labor, with increasing capacities over time, was frustrated both by downward wage pressure after the 1960s, and by the boredom of mass production work. The result was a good deal of out-migration, but also industrial conflict and strikes by the 1970s, which contributed to plant closing decisions and the removal of productive capacity to sunbelt and overseas sites.
- e) Markusen, after examining the policies adopted by steel and other industry executives and cooperating local governments, defined three options for rustbelt places. They could "bow out" of heavy manufacturing and simply invest in other things -- suburban real estate ventures, or service businesses. Or they could stay in manufacturing and "bid down" the cost of labor and facilities by various strategems including plant closings and moves to other cities with major attraction subsidies. Or they could "build on the basics" and stay in production by investing in plant and equipment and labor relations. <sup>9</sup>

- f) These options would become more complex -- with additional possibilities for both supporting and exploiting the labor force -- in places where labor capacity also contributed to the creation of a small business economy as mass production firms downsized. Piore and Sabel provide the most powerful explanation: consumer tastes differentiated in the second half of the century, and mass production firms were unable to adapt, and so they had to downsize and contract many functions and lines out to smaller firms; but because the labor force had also developed more capacities, there was a willing supply of entrepreneurship as well.<sup>10</sup> That this process provided a regulatory and organizational challenge both for firms and governments has been well documented. Exploitation of labor took new forms. But the range of new possibilities was also large.

Any constructive response would require a new capacity and approach from local governments. But in many rustbelt places, the local government role had been minimal and bureaucratic, rather than flexible and creative. While management was challenged in firms, government leadership had a hard time as well, and the level of capacity was very uneven. Rustbelt cities, long used to a settled situation featuring corporate taxpayers and low expectations on government, could be quite unprepared for change.

### Youngstown

Youngstown, Ohio had the pathology of the rustbelt profile at the end of the 1980s. It had been a steel town through the 1970s, with a largely unionized work force of over 50,000, forty percent of these in largely unionized manufacturing plants including three major steel mills that, even with cutbacks, still employed 10,000 workers in 1977. In that year and in 1978 and 1979 those three mills had all closed and those 10,000 workers were out of work. The total impact, including secondary business closings and unemployment, was estimated at up to 50,000 persons for the larger labor market.<sup>11</sup> The response by area businesses and governments was spotty, but church and worker organizations combined in an Ecumenical Coalition whose spirited defense of local jobs went to the point of a proposed community-worker buyout of one of the mills. There was intelligent leadership, a strong intellectual case, and elaborate argument for the economic feasibility of the proposal. Three main things defeated it: (1) the steel corporations opposed the creation of a competing model; (2) the international union headquarters in Pittsburgh failed to back the local plan; and (3) the federal government, perhaps sensing this lack of support, retreated from an initial plan to provide essential loan funds for the buyout.<sup>12</sup>

Fragmented Response. There was also a lack of broader community support for the plan. But this was part of a more general lack of organization. Youngstown had lost its economic leadership earlier in the century, when the major "iron barons" had gradually sold out or moved away, to be replaced by absentee owners. Major corporate owners still dominated the city, but did not live in the city or take general concern with its affairs. What was left was a set of interests that could not pursue any unified strategy. Business leadership went to a Chamber of Commerce generated Youngstown Area Growth Foundation, whose small manufacturing and services sector representatives had long argued for diversification away from basic steel production. Its director

later remarked that the Youngstown Sheet and Tube shutdown was "the best thing that could have happened to the Youngstown economy."<sup>13</sup> With this sentiment underlying many attitudes, the Ecumenical Coalition closed its offices after the initial buyout attempt failed in 1979, rather than create conflict.<sup>14</sup> Local labor groups continued to argue against the subsequent steel shutdowns in 1980 and 1981, but again failed. And labor was under the general control of the international union in Pittsburgh, whose President, Lloyd McBride, was annoyed at the involvement of Youngstown workers supporting a recent insurgency in the union election, and was unsympathetic to the cause of any plant reopening. The economic development agency with the best expertise in steel, the Western Reserve Economic Development Agency, was headed by a Republican who was seen as a political threat to the Democratic congressman from Youngstown, James Carney. But Carney, in response to the shutdown in 1977, set up a new agency which omitted representation of either WREDA or the industrial suburbs adjacent to Youngstown where the shutdown plants were actually located. No unified response was forthcoming, then, from the local business, political, or official labor interests.

Economic Damage. The impact of the shutdowns on the city was certainly profound. The shutdowns, in part by their sudden nature, exacerbated shifts that had already begun in industrial sector employment, demography and government resources; these were accompanied by changes in government structure and social pathologies that created new challenges for community development in the 1990s.

In the civilian labor force residing in the city, employment in manufacturing led a general decline. From from the 1970 through 1990 census, unemployment went from 6.7 to 15.8 percent, where it more or less stayed through the 1980s, as shown in the following table:<sup>15</sup>

	<u>1970</u>	<u>1980</u>	<u>1990</u>
Civilian Labor Force	53,614	46,599	35,659
Manufacturing (percent)	38.2	30.6	18.6
Unemployed (percent)	6.7	15.8	15.6

The impact on city incomes and housing prices followed. In constant 1983 dollars, median family incomes, median sale prices of owned housing, and median rents, all declined:<sup>16</sup>

	<u>1970</u>	<u>1980</u>	<u>1990</u>
MFI (1983 dollars)	24,676	23,403	17,427
Median Value, Owned Residence	34,832	37,122	24,986

These changes in employment and income interacted with a demographic transition as those who could, moved out of the city into the immediate suburbs, and out of the area entirely. Population in city and county both declined from 1970 to 1990; but city population declined faster than county population did -- from 140, 909 to 95, 732, compared to a county decline from 304,545 to 264,806. Disparities in incomes between city and county increased, and there were even greater increases in disparities of median housing prices. The city housing market essentially collapsed.

These disparities can be shown as city/ county ratios:

	<u>1970</u>	<u>1980</u>	<u>1990</u>
Population	46.2	39.9	36.2
MFI: City/County	89.9	82.6	72.9
Owned dwellings price	80.3	71.7	64.7
Median rent	90.0	88.0	78.5

Other Youngstown city characteristics also degenerated. As population and income fell, many housing units were abandoned or otherwise lost, with the numbers of units falling, numbers of vacant units increasing from 1890 to 3765 from 1970 to 1990. Serious crimes, while always a factor in Youngstown, increased compared to national averages, and in particular shifted to drug-related offenses.<sup>17</sup>

	<u>1970</u>	<u>1980</u>	<u>1990</u>
Serious Crimes/100,000 pop.	6052	8418	10419
Violent	692	1552	2582

Failed Efforts at Revival. While the Ecumenical Coalition had held the center stage in community response to the shutdowns during 1977-79, there were a series of other initiatives after that, aimed at creating jobs and the attraction of businesses to the area. An initial difficulty was that the majority of the population could not get used to the idea that there would be no more steel mills. But soon newspaper headlines began to cite hopeful plans for revival through other industrial start-ups.<sup>18</sup>

The problem was that nearly all of these plans fell through, feeding a cycle of cynical despair. One theme was the effort to attract and support start-ups in the commuter aircraft production field. The city provided a site at the airport and financing for construction of a factory within which a company proposed to build a new model aircraft aimed at the commuter airline market. But the city failed to determine whether the company had an FAA approved design. The firm left abruptly when it could not secure the required approval.

Subsequently the city sought other enterprises to fill the facility. One prospect was a firm that proposed to build an experimental aircraft built of plastic. This also aborted, and the factory lay empty for a time. It was ultimately filled by a division of General Motors, Packard Electric. Other prospects proposed to build dirigibles. By the late 1980s these aborted start-ups were almost routine. The most hopeful came when two hometown entrepreneurs launched a nationwide discount drugstore chain, Phar-Mor, that won considerable success. But it too led to heartbreak:

The valley got its second wind in the late '80s, however, as the area diversified its economic base and increasingly became a transportation and distribution center. But just as Youngstown was recovering, it was jarred by a psychological roundhouse: a \$500 billion swindle at a burgeoning discount drugstore chain Phar-Mor and the criminal proceedings against its co-founder, Mickey Monus.

Unlike the steel company owners, Monus was a native who appeared to have made good. A member of a family that ran a huge, successful wholesale and retail grocery business, Monus began Phar-Mor in 1982 and grew it into a 305 store chain that created 800 white-collar jobs at its downtown Youngstown headquarters...But Monus was convicted on 109 federal counts and is now in jail...<sup>19</sup>

An even more prominent Youngstown businessman was Edward J. DeBartolo, Sr., who had amassed millions through real estate deals during the postwar decades and became the nation's largest developer of shopping malls. But after his death in 1994 the real estate investment trust led by his heirs was acquired by outsiders, and Edward DeBartolo, Jr. was forced to vacate his role as owner of the San Francisco 49s professional football team when he came under investigation in a gambling scandal.

Thus, Youngstown's revival was a dubious one. "I think it's a deep sleep," Staughton Lynd was quoted as saying: "All of this upward and onward talk is just boosterism."<sup>20</sup> And the unemployment numbers, despite a net outmigration creating a population loss of 19,704, or 17 percent from 1980 to 1990, remained at over fifteen percent.<sup>21</sup>

Racism, Red-baiting, and Crime. One explanation of these failures, and certainly a complicating factor, was the residue of racism, red-baiting and crime that remained in the wake of the closings. Community morale was low. Richard Speicher, a clergyman who had been part of the Ecumenical Coalition, recalled shock at the racism that remained in the city, and prevented a collective response. He recalled

...the wife of a hardwoods firm entrepreneur who had come to Youngstown once remarked that she had never seen a place where the race hatred was so strong...And business elites were unwilling to share power, even when the community was going under. And that grieves the pastoral heart.<sup>22</sup>

The rancorous relations between absentee owners and local workers had been exploited by Steel interests and government bureaucrats when they ridiculed the coalition as "nuns and priests trying to run a factory" and Lynd and the Coalition's chief consultants as communist conspirators. But this was finally playing out in exhausted torpor at the community level. <sup>23</sup>

A further problem was the resurgence, in a particularly vicious way, of organized crime interests. <sup>24</sup> There had been a mob presence for decades, servicing the steel mill workers with prostitution and gambling, never a focus of effective concern by government officials or business elites. The most publicized event was a series of murders in the early 1950s as rival gangs fought for control of illegal businesses.

But this took a new turn in the 1980s. As the working and middle class population of the city was replaced by a more impoverished one, the economic base for crime was undermined along with that for other types of business. The business of choice became drugs, particularly crack cocaine. This began to infest previously working class neighborhoods, accelerating out-migration and undermining efforts to revive city quality of life.

Meanwhile, in a city desperate for economic development initiatives, at least one enterprise went sour when organized crime connections to investors appeared. <sup>25</sup> And government officials became tainted. One was James Traficant, whose campaign for sheriff in 1980 resulted in a federal indictment for receipt of contributions from organized crime figures. Traficant won acquittal in a circus-like trial when, acting as his own defense attorney, he claimed his acceptance of contributions was an informal sting operation. He later was fined, on other charges, but won election to Congress, where he still sat in the 1990s. Later, in the 1980s and 1990s, federal intervention, brought in under pressure from a revived Citizens League of Greater Youngstown, resulted in dozens of indictments after state and locally appointed prosecutors had been harassed, removed from office, and in one case, shot. James Callen, then president of the Citizen's League, was characterized and quoted in a newspaper commentary on the deeper impact of organized crime and corruption:

...the Mafia is a shadow government that neutralizes public institutions. "When you start peeling back the bark, you find that the whole core is rotten and everybody is on the take."  
<sup>26</sup>

It would be hard to overestimate the entanglements, or the undermining of the intangibles of civic trust. Former mayor Pat Ungaro, who sought federal investigations during his mayoralty in 1984-1993, said that every morning when he went to drive his daughters to school, he made them wait in the house as a precaution while he went to the driveway to start his car. <sup>27</sup> A 1998 news report says:

Juanita Rich, a former Campbell councilwoman, thinks she was targeted. "I'd heard rumors that I was on a hit list...That would be me -- what other woman would it be" They threatened to kill me on a regular basis, cut off my head and throw me in McKelvey Lake." Mrs. Rich

was an outspoken opponent of gambling and organized crime in Campbell and fought hard to close the Doll House, a juice bar that featured nude dancing. She said she has tapes of some of the threatening phone calls...<sup>28</sup>

This evidence of the corruption and fear in Youngstown area governments, exposed as a result of federal intervention and indictments in the mid-1990s, has implications for any assessment of the political environment of the 1980s, as private firms and government officials tried to recover from the job losses associated with the steel shutdowns. There would be inherent limitations on any public or private initiatives that involved illegal commitments, or investments that came from illegal sources. Anything that required a climate of trust would be compromised.

### Nonprofits Organize

After the failure of the Coalition effort, and amidst the halting recovery program of private sector and public officials, church and union-related non-profits began to take a new role. One of the things that started was Common Wealth, Inc., organized by a group of activists who initially sought to create worker-controlled firms in the area as a way of creating or redistributing wealth in the interest of the poorer parts of the population. Common Wealth was not finally incorporated until 1985, but its origins began when Pat Rosenthal, a legal services lawyer with Northeast Ohio Legal Services (NOLS) began exploring ways to generate employment initiatives in 1981.

Rosenthal, at the suggestion of Staughton Lynd, had been following some of the efforts to start employee-managed firms that emerged at the end of the 1970s, and with other Youngstown people like Tony Budak, sought this form as an approach to some of the problems of lost income that occurred in the wake of the steel shutdowns. She began to meet with other interested persons in the area, went to classes on organizing offered by Lynd and some of the steelworker leaders, that had met as the Solidarity Club after the mill closings. Rosenthal, a careful and judicious person, was nevertheless swept up in the conviction that a person could make a difference, and ought to. She was more than a liberal:

I came from a background of moving to Youngstown to start a business and thought starting a business was a very creative and beneficial thing. It's not that I wanted hard work but it is so rewarding...

Then I heard that speech by Ronald Reagan, the one right after his inauguration in 1981..when he was bashing the poor, and I saw that the safety net was going to come down... I thought I will work with people to create business so that they don't have to depend on the safety net.

...and they will not have to be greedy...The next time I saw [Staughton Lynd] was after this Reagan speech, I wanted to start businesses...employee ownership.<sup>29</sup>



Both in Youngstown and nationally, the idea of employee control of businesses was enjoying a vogue when Rosenthal started at NOLS. The Campbell Works buyout effort ended in 1979, but Lynd and others succeeded in carrying the idea forward through a Tri-State Conference on Steel that lasted into the 1980s. There were many well known initiatives during that time. Steel workers and community activists incorporated the Steel Valley Authority in Pittsburgh, and received eminent domain power to acquire plants and sites, though never raised enough funding to reopen a mill. <sup>30</sup> Rath Meatpacking in Iowa and South Bend Lathe in Indiana were well know acquisitions featuring worker ownership and varying degrees of management control, and there were dozens of others. <sup>31</sup> The Youngstown case was remarkable in that (1) it was at a large scale -- thousands of jobs were at stake in a primary industry which would have ramifications for other jobs in the metropolitan economy; and (2) it was conceived as a political campaign that, whatever its result in Youngstown, would have national import for steel and other basic industries. <sup>32</sup>

One result of the broad scope of the Youngstown buyout campaign was that, even though it failed in its primary objective, it left in its wake a logic: that economic development efforts ought to focus on jobs, not just the consumption parts of life that jobs supported. That is, the focus should be on jobs over items like housing, health care, or neighborhood quality of life issues like city services, unless these could be tied to job creation.

But another consequence was that the buyout attempt had not resolved the attitudinal conflicts that had hampered its own work. There was still a legacy of privatism, the belief that economic security was the business of employers, not workers; that the public sector was handmaiden to private sector initiatives. Thus in the aftermath of the mill closings, most people looked to a series of business led initiatives, often with substantial public subsidy, to bail out the economy. When these failed to bear fruit, there was a tendency to blame, but not a basic shift in ways of operating.

Rosenthal's efforts to learn about alternative ways of doing economic development proceeded slowly at first, after a first summer internship at NOLS in 1980 and when she joined full time after passing the bar examination in 1981. She recalls attending various conferences and meetings, while occupying most of her time in a variety of specific assignments for NOLS. She read work on employee ownership by Sherman Kreiner, and David Ellerman at the Industrial Cooperative Association; and started researching the topic. Lynd reported on contact with Gar Alperowitz and Jeff Faux, who were sending him material. She contacted William Foote Whyte, who had started a research project on the topic at Cornell. She went to a meeting of the Association for Workplace Democracy at American University where she met Carolyn Costen and Martin Eakes who had started a community development credit union in Durham, NC; and met Tony and Jennie Dennison Budak from Youngstown, who had similar interests.

A chance to apply some of these ideas had come when Rosenthal began representing Karen Briggs, a social worker who in 1982 had lost her job running a battered women's shelter. Indirectly, and over time, the result was a series of organizational steps. Briggs said:

Pat had been working on the idea of worker co-ops, and suggested we start one.. We had a meeting -- mostly feminist activists, one person ran a cooperative feminist printing company. We decided we needed training. We organized training sessions...I

didn't know what a co-operative was. We had 50-75 persons at the first meeting, ending with a core of 30 or so by the final meeting...Then we decided to create a business.<sup>33</sup>

The result was a cooperative business, Call On Our People, a service that connected its pool of predominantly low income workers to requests for work; generally house cleaning. Rosenthal serviced COOP as a "case" at NOLS, helped Briggs apply for a number of small grants to support the venture, thus enabling it to continue. Briggs' first grant was \$234 from the Social Action Department of the Diocese, which gave legitimacy to a series of training sessions carried on by Rosenthal and local volunteers through the spring of 1984. By May COOP had incorporated, and they made their first placements the following fall. At one point COOP received a three year, \$30,000 per year grant from the national Catholic Campaign for Human Development with help from Catholic Charities in the Youngstown Diocese.

In 1984 leaders who had been in the Ecumenical Coalition began to bring people together again, and in December 1984 attended a conference in Cleveland where several groups who had been concerned with plant closings sought to determine how to get community involvement. A number of Youngstown people attended, including Briggs, who presented a session on COOP, one of only four concrete projects responding to disinvestment and employment loss. The Episcopalian pastor from Youngstown, William Brewster, noted that though there were thirteen persons from Youngstown at the conference, few knew each other. As Rosenthal remarked later, it was the first time each of them realized they were not alone in their concerns. Brewster agreed to get them together, and in the spring of 1985 a series of meetings occurred, individual groups thinking about ways to further more general economic development for jobs. Rosenthal suggested that, rather than just go to business leaders, they should "talk to people doing real things." In July they formed a structure. Rosenthal said:

So we formed an Ad Hoc Committee on Economic Alternatives. We had some classes. Karen gave one on cooperatives. We had people in from the Steel Valley Authority...Martin Eakes came up from Durham and described their loan fund and credit union. There were eighty or ninety people at that meeting, and the result was that we formed Common Wealth about two months later, and the Common Wealth Community Loan Fund two months after that.<sup>34</sup>

By this time (fall of 1985), it was becoming clear to Rosenthal how much technical help COOP needed. Common Wealth, while modeled partly on Eakes' Durham operation, was to be also a technical assistance group for COOP and similar worker managed firms; not just an organization, but the catalyst for what might eventually become a federation of organizations. She put together a board that consisted of interested community oriented persons, including veterans of the Ecumenical Coalition effort and people in NOLS, like Staughton and Alice Lynd. They fashioned themselves as a volunteer based organization to do these things. One key was the recruitment of Janet Weissberg, a staff accountant at NOLS, to provide help on book keeping and personnel records for COOP. And Briggs needed help. She said later:

They came from poor backgrounds, many on welfare. Their lives were always in crisis. When something would come up, they would not be able to work. They weren't like working class people, who would work no matter what the crisis. And at their level, you couldn't blame them. They weren't making enough to motivate getting off welfare. They were afraid to get off welfare, mainly of losing the health card.<sup>35</sup>

During 1986, Common Wealth had a number of occasions to work on buyouts: a company that had filed for bankruptcy, a restaurant thinking about worker ownership. That summer Rosenthal again attended the summer program at Tufts University on community development, where she met workers who were attempting to buy out a Connecticut firm, Seymour Brass. That July Common Wealth put on a community forum that brought the Seymour Brass union president and the company president in for a debate about their experience.

At that time, Common Wealth still was staffed on a volunteer basis. They had meetings, potluck suppers, did some board training on the financial analysis of firms. They had two main goals: to help with startups, and to try to do worker buyouts. But by early 1987 the board began to flag. Their chair, Sr. Betty Sundry of the Catholic Social Action Department, left her position, and there was a period of low output, Rosenthal recalls.<sup>36</sup>

#### Common Wealth Gets Paid Staffing.

With the drop off in output from Common Wealth, one might have expected it to fade, as many other initiatives had. But 1987 was to mark a crucial turning point. Common Wealth dramatically increased its capacities, getting new personnel on its board, new staffing and access to resources, and a narrowing and change in direction.

Changes in the Social Action Department. Most fundamental may have been the shifts in the Social Action Department of Catholic Charities. Sister Betty Sundry's term expired during 1987, and she was replaced by Brian Corbin, who had recently finished PhD studies in political economy at MIT. Bishop Malone had just finished as chairman of the US Conference of Bishops, and earlier had been involved in the creation of the national Campaign for Human Development, an arm of the National conference of Catholic Bishops. And Malone knew from the steel buyout effort that Youngstown had to create its own businesses.<sup>37</sup>

CCCHD nationally had been funding organizing since 1971, but now saw that it should focus more on economic development. It commissioned an evaluation to suggest new directions.<sup>38</sup> In Youngstown, Call On Our People had been given significant support by Malone and Sundry, and when Corbin arrived, Malone said "that was what we needed to do more of."<sup>39</sup>

Thus when Rosenthal organized the series of meetings on economic strategy in 1985-86, there was a bias toward a renewed economic development initiative within the Church. And the Catholics were not operating alone, since the meetings had been initiated by Brewster of the Episcopalians, and had other denominations involved as well.

Staffing. Corbin had arrived in July of 1987. In August there appeared James Converse, a sociologist (he had held teaching positions at Cornell, Kansas, Davis and other places, often

connected with church and peace groups). He had finished a job with a Peace and Justice Center in Texas, and had returned to be near an ailing mother nearby. He had gone into business briefly with a brother who was attempting to create a salvage business at one of the steel mill sites; and contacted Lynd and others in connection with a Peace March that went through Youngstown that year. He gave a seminar that Rosenthal and others at Common Wealth attended, and soon the idea emerged that Converse might contribute in a staff capacity. The Common Wealth board had, that summer, reached the point that there were some options to follow up, but not enough board capacity or time to do them. Rosenthal recalled:

We had four or five thousand dollars in the bank, and the idea was that we should use this to generate more dollars by writing grants. Jim began working two days per week, and produced a set of proposals, that soon generated a salary contribution from the Social Action Department, through Corbin.<sup>40</sup>

Converse recalled his proposals:

...The three main ones, one was an auto-salvage remanufacturing activity, And the idea with that was that low income people had to own two or three or four cars just to have enough parts to keep one running. And the idea was to try to rationalize that more in some cooperative storage place commonly referred to as a junkyard, and save the parts, and find like four or five basic types of cars and save the main parts from them, and where necessary remanufacture them to try to reduce the cost of keeping the vehicles going and create some jobs in the process. That was one that had a lot of attractiveness initially.

Then there was another that was a house salvage co-op of taking usable items from houses that were about to be torn down, using them to rebuild or remanufacture other houses. That was a junkyard for houses. The idea was there was just a lot of leftover stuff around, and the whole interest in recycling was just starting to pick up and there was quite a bit of money around for creative ways to do recycling stuff. And the basic raw material was just stuff that was sitting around in yards and houses. So it was like a raw materials driven policy, but it was using industrial junk and residential junk instead of actual raw materials from natural resources.

Then the third idea behind it was what was called a business support co-op. The idea there was that people that moved into incubators to work were expected to go through a growth phase, become economically able to pay rent, either that or else move out; and in low wage businesses with long slow start-ups, a lot of companies never got to the point where they could move out of the incubator, and all the work they did fixing up their space was lost once they did move. So the idea was they'd own their own building and have sweat equity in the building, and have access to the business support services to do the business in their own space. That was the idea behind that one.<sup>41</sup>

Change in Direction. In the fall of 1987, with Corbin on Common Wealth's board representing a new sense of direction from the Catholic Diocese, and with Converse in place in an increasingly prominent staff capacity, Common Wealth was poised to move into a more prominent role in the Youngstown area. The question was, in what direction would they move? On the one hand, they could continue to work on the employee-managed capital front -- buyouts, new cooperatives. Or they could diversify by taking advantage of the increasingly available community development funding oriented to housing rehabilitation and new construction. Common Wealth, by the end of 1987, chose the latter course, though not without a crisis on the board. The way it played out is worth some discussion.

The housing rehabilitation model Converse had provided -- more than the automobile recycling and business incubator ideas -- attracted the attention and support of board members like Jim Davis and Shirley Merchant who had already been doing organizing in certain southside, inner city Youngstown neighborhoods. They saw the prospects of improvements in the housing stock as equally important as pure job creation initiatives, and pointed out that local residents could get jobs as rehabilitation went on. Rosenthal and others found themselves sympathetic to this point of view, and also noticed that this position came from two of the three African American board members, who had a certain legitimacy not shared by others who were not rooted in the inner city turf in the same way.

Rosenthal finally found a way out of the dilemma with the thought that the housing rehab project, in addition to attracting the support of a key neighborhood constituency, might also provide training for neighborhood people and be managed in a cooperative way. She said:

These three people fought bitterly for housing. Rose Bensford who was African American was the only one on the board who could look them in the eye as an African American trade unionist and say "this isn't about housing." It was very uncomfortable. We'd brought these people on the board and they were coming in with a different perspective. I know it affected my ability to stick to the job creation goal.<sup>42</sup>

Tony Budak, who left the Common Wealth board over the failure to stick to the jobs focus, said:

There was a long process of evolution from the jobs goal, to housing. The constitution said jobs. We had meetings at the end of 1987 where we debated jobs versus housing. There was one particular meeting where we agreed the goal was jobs, but then we flip flopped. We had a consensus rule and Rose Bensford said "no" to housing, then said OK if housing could happen with a jobs emphasis.<sup>43</sup>

Over time, it seemed the housing involvements, once committed to -- even as an equal part, with the loan fund, of the Common Wealth mission -- crowded out other things. Looking back Brian Corbin thought there was no alternative:

Common Wealth shifted from a jobs to a housing focus for both practical and principled reasons. Practically, it had to. There was non-CCHD money for housing: from the state, elsewhere. For example, Pat had to rewrite the Ohio coop law to legitimize worker coops, a change that didn't go through until 1993. That's how hard it was to do co-ops. But there were pools of money for housing. The city had not used its entitlements, for example. CHOICE came into play for this. And there were the HOME, CHAS/CHS set-asides for housing.

And it was the thing to do in Youngstown, partly because of the cheap housing stock. And the Ohio Community Development Finance Fund in Columbus said for any CDC to get legitimacy and solid financial footing, the quickest way was to do housing...Meanwhile, the state encouraged universities to create technical assistance centers. Kent State then started what became the main technical assistance provider for ESOPs...<sup>44</sup>

Looking back, several participants thought the key turning point was in 1987 when, with Rosenthal working with a statewide group to enact legislation improving the prospects for cooperatives and then supporting an increase in the state budget for technical assistance, prospects seemed promising for funds for an increased Common Wealth role. But the state funding, in the event, went to universities and two larger technical assistance groups with more conventional aims. One result, however, was state support for John Logue's Ohio Employee Ownership Center at Kent State, and Common Wealth board members took this as at least a partial victory, since Logue had an excellent program, some of the same Youngstown roots in the steel mill buyout efforts as they had, and remained a Common Wealth board member. What then evolved was a division of labor between Common Wealth and Logue's Center. Converse and others at Common Wealth did preliminary intakes and referrals of worker buyout attempts for a few years, but the majority of this work, particularly on bigger scale enterprises, went to Kent. Logue's work later evolved and grew, and Ohio emerged with one of the strongest networks of employee owned and managed firms in the country.<sup>45</sup>

### Common Wealth after 1987

One thing Corbin provided through the Social Action Department, complementing Converse's staff expertise, was the prospect of stable funding so that the staffing could increase. He mediated an initial grant of \$30,000 from Catholic Charities to serve as a loan loss reserve to begin capitalization of the loan fund. In addition he encouraged the Common Wealth board in 1987 to go to the national Catholic Campaign for Human Development (CCCHD), jointly with the Diocese, for a five year grant that would provide stability. CCHD had created a division for Economic Development parallel with their division for organizing. They gave funding to a Boston fisherman's co-op, a Stockton, CA farm co-op, and ultimately to Common Wealth in Youngstown. Corbin, Converse and the Board produced a proposal for these funds, which would amount to \$60,000 each from the Diocese and CCHD for each of five years, for a total of over \$500,000.

With some of the funding already committed by the Diocese and other local churches, Converse was hired, first as a part time consultant and, by the end of 1988 as a full time staff member. NOLS formally contributed half of Rosenthal's time beginning in July of 1988, and by the end of 1988 there was also in place a business analyst who would also serve as the Loan Fund manager, Miriam Webb. Common Wealth would now be able to move ahead in several directions.

In 1988 Common Wealth was committed to a central mission of job creation through democratically managed institutions. It presented itself as a "federation of cooperatives." Corbin, Converse, and Rosenthal came together from that background and remained committed to it. A concept paper jointly authored by them in 1987, which was the basis for the proposal to CCHD, emphasized the joint and complementary efforts of a loan fund that would support worker owned and managed businesses and cooperatives, and a housing initiative that would go ahead based on common land ownership through a land trust. <sup>46</sup>

CHOICE. The housing salvage co-op that Converse had laid out as one alternative for Common Wealth in the fall of 1987 had attracted a committed group in the city's southside neighborhood, and Converse and Rosenthal put in a great deal of effort helping them to create their own organization that would be conceived as a cooperative, but spun off and autonomous from Common Wealth. The grass roots energy came from South Side residents who sought to protect themselves from general neighborhood decline. Persons involved in CHOICE point to the Willis Avenue Crime Watch, a block club started by Pat Hubbard and Mary Irvin. They wanted to stop prostitutes and drug dealers from operating in cars near their houses and in sight of their children, and neighboring houses from being occupied by drug addicts (called "crack houses"). They soon came to see the problem as caused by landlords who rented indiscriminantly and did not regulate tenant behavior. The Common Wealth Housing Committee thus became a way to focus on these issues in a problem solving way. Jim Converse later saw their motivations as:

There was an anger thing, against landlords...There was an edge to it. One was just to get back at them.

The other was to make them better neighbors. They were tired of having prostitutes parking their cars where their children could see them, and drug dealers on the streets. <sup>47</sup>

This was the group that Converse and Rosenthal engaged in conversations about a project to do something about housing in the South Side in 1987 and 1988. Converse had written a prospectus for a housing salvage cooperative. But the Housing Committee wanted to save and fix houses, not just tear down and salvage them. Part of the motivation came from other committee members, not just South Side residents. One of these was Jim Davis, a former steel worker who had turned to contracting, and saw the potential in rehabs of the basically sound housing that was facing abandonment. Another was Rick Judy, a Church of the Brethren minister who had lodged with Converse and been volunteering in several civic and church related roles over the previous

decade. Other contributions came from Corbin and Rosenthal, who had produced the Campaign for Human Development proposal and grant stipulating that Common Wealth was to be a technical assistance unit for a federation of cooperatives.

CHOICE emerged from these conversations with goals of both job creation through rehabing the houses, and protecting their investment by capturing, for the neighborhood residents, any increases in value. To this end, Converse and Rosenthal explored the idea of a community land trust, a spin-off CDC that kept ownership of the land, restricted ownership of the housing to low income people, and allowed the residents to acquire ownership over the long term through a lease-purchase contract. The logic of the land trust was that, starting from a base of low cost land and housing -- the situation in Youngstown, where inner city houses on lots could be had for under \$15,000 after the mill closings -- any increment would be held by the land trust, keeping the housing permanently affordable. <sup>48</sup>

Converse had first become aware of the land trust idea when teaching at Davis in the 1970s, and when the South Side group became interested in a housing rehabilitation effort he saw it as a way to stay true to the Common Wealth core mission of supporting the cooperative form. Rick Judy and Pat Rosenthal also adopted the idea, and over the next few years they explored it thoroughly, partly through membership in the Institute for Community Economics, a Massachusetts organization devoted to promoting the community land trust through technical assistance, conferences and a loan fund. By the end of the 1980s, community land trusts (as distinct from land trusts used for environmental preservation purposes) were an emerging social movement with dozens of efforts throughout the country, and so there was experience for the Youngstown group to draw on. Converse went, with Judy and other Youngstown people, to an ICE conference in Burlington, VT in 1989.

CHOICE, meanwhile, emerged only slowly from the meetings of the Common Wealth Housing Committee in 1987-1988. They began with a \$30,000 initial grant from the local and national CCHD in 1988, which they used to pay Converse as their main staff member to help them acquire houses and begin letting the rehab contracts. CHOICE formally agreed to create itself separately from Common Wealth in April 1988, then spent until December working out bylaws until its formal incorporation in December. In 1989 it engaged in intensive debate over its first property acquisition, a house on Willis Avenue its owner wanted to sell for one dollar to avoid demolition costs. The CHOICE board went ahead, but found the cost of rehabilitation so onerous, the complications of subcontracting so great, that all their time was required on that one project. They had projected three or four rehabs per year, but were now unable to take on another property for over a year. They finally went ahead with five more acquisitions toward the end of 1990, and had a total of 23 properties by 1995. <sup>49</sup> Over this period they received critically important infusions of low paid or volunteer labor from local people with specialized skills: Ray Bradley, Jim Bargaineer, and Ron Detrow. Bradley was a retired realtor who helped with acquisition decisions; Bargaineer an electrician who helped CHOICE volunteers do wiring, and Detrow was a contractor and builder who eventually became CHOICE's first rehab coordinator when, in 1989, a church contribution financed a \$25,000 salary.

By 1995, CHOICE found that they were unable to fulfill some of the goals the Community Land Trust model had promised. Most important, low income residents were unable to undertake the lease-purchase form of tenancy, and preferred to rent. As a result, there were only two leaseholders in CHOICE's first 23 units, the rest being renters, and CHOICE was becoming a



rental management organization more than a land trust run by its owners. Edward Ploysongsang, in a thesis written on the CHOICE experience, noted that:

All board members and consultants expressed some concern with this fact; some board members blamed weak outreaching efforts, and all members cited unawareness, skepticism, and fear of alternative land tenure systems on the part of potential leaseholders...<sup>50</sup>

And in an interview done by Ploysongsang Converse reflected:

In terms of providing decent, affordable housing they have done 100 percent of that. Every house they have bought and fixed is very decent, very affordable. The highest rent charged is like \$290 per month...

In terms of expanding home ownership in the area that's taking a while...there's only three houses out of the twenty-two where the residents are in the process of actually buying...<sup>51</sup>

But the aim of using the rehab projects to create jobs did not pan out as expected. Pat Rosenthal said:

Again it comes back to this entrepreneurial thing that the land trust would spin off these work crews...It sounded good on paper but there was never the staff and funding that could make that come into being in that way.<sup>52</sup>

Despite any disappointments concerning the emergence of the land trust form in the city, CHOICE remained an important organization in the provision of affordable housing within the city. In part it was a matter of just being there: when banks wanted to demonstrate a commitment to the inner city as a result of the CRA negotiations, they could make a contribution to CHOICE, as Society Bank did in 1989. And when in the 1990s the city began diverting CDBG funding to nonprofits, CHOICE was a major beneficiary. Finally, Common Wealth assisted CHOICE in Youngstown's first Low Income Housing Tax Credit (LIHTC) project, beginning in 1995. These were new houses, not rehabs. CHOICE did two such projects in its South Side neighborhood, for a total of seventy five additional units in place or underway by 1998. These were a far cry from the original ideal of cooperative ownership, but South Side residents found they were able to keep some persons who otherwise might have moved out of the city, in the neighborhood as a result of the new housing.

Other Initiatives and the Loan Fund. Initially the Common Wealth staff tried to continue working on job creation by servicing buy out and co-op start up efforts. The key instrument

Common Wealth had for this was the Loan Fund. Converse and board members carried the load for this in 1988. He recalls:

The loan fund was up and going. There were efforts to locate industries that wanted to do loans for worker buy-outs. We probably did ten or twelve initial discussions that next year with small scale companies that were approaching either shutting down altogether or trying to grow, or in a couple cases being bought out by outside companies and being moved. And there were various efforts to get loans to the workers to buy those companies out. But I don't think in 1988 we produced any loans...

...it was not until I think 1989 that Miriam Webb was hired, as the business analyst and loan fund manager. She kind of split the two jobs. So up until then the loan fund was handled by volunteer staff. Pat Rosenthal and I did handle the technical assistance intake discussion, and then the requests were forwarded to the loan fund board, which was a loan advisory board to oversee the loans. <sup>53</sup>

But Common Wealth made few loans to co-ops or worker buyouts. Converse remembers one to a group in Athens, Ohio in 1989, but generally remembers the experience of providing technical assistance to buy outs and cooperative start-ups as a difficult one:

What often happened with those companies was we would start with them, the kind of requirements we had was them having a business plan in place, and in the discussion with them, the process of writing the business plan, middle level managers would often find out that they were sitting on a gold mine, or at least a good investment, and they would do a middle level management buy-out among themselves, rather than the workers being involved in it in a participatory decision-making process with time to buy it out. We chose not to make loans to those people; and they normally could get bank capital once they figured out what they were doing. So we did part of the first round intake for several of those loans never saw their way through to actual worker buyouts of the company. And that was a big part of the 1990-91 activity -- was a lot of effort and education, but most of the people that had worked here and were facing shutdowns were afraid of losing their jobs. Three of them had already lost their houses when the mills shut down, so they didn't have very much equity to put up as collateral, and they didn't want to use their house to collateralize a small business where they were afraid it wasn't going to make it. So there was a real reluctance from workers to use their own houses to guarantee equity loans in the business; and the loans did need some equity guarantee. Most of them didn't have the cash flow or the assets within the business itself to back up the loan.

And that was when Common Wealth decided to also make loans to neighborhood based non-profits or to housing development groups, because with housing development there is some collateral out there to loan against and its a less scary kind of loan. <sup>54</sup>

But the experience of the Common Wealth staff after 1987 gave serious pause to those board members who were interested in job creation over housing. Staughton Lynd said:

... very early on the worker ownership component of Common Wealth was contracted out to John Logue, who became very successful with it at Kent State. Ed Mann [late president of the USWA Brier Hill local ] and I didn't know whether to hope Common Wealth would keep worker ownership, or let Logue do it because we didn't want to be starting Mickey Mouse ESOPs. We'd been very careful to set conditions for worker ownership in Youngstown: First, the plant had to have a union; second, the union president could not be on the board of directors, though workers could; and third, we resisted any invitation to reductions off nationally negotiated wage rates. We were already giving away a significant thing in starting up a pension plan new, relieving the bought out plant of the burden of accrued pensions.

The heterogeneous composition of the Common Wealth board tended to erode the worker position...Then in 1986 I was snowed under in cases arising from the LTV bankruptcy; and partly because of that I just dropped off the Common Wealth board.

Since then I've been disappointed in Common Wealth's introspection, because there has been nothing in Youngstown that resembles a jobs program since 1981... It's a shame when they had the five year CCHD grant that Common Wealth didn't transform itself into a prophetic voice that could speak up for the need for jobs. <sup>55</sup>

The CRA Campaign Opens Up Community Development. Starting in 1989 the Common Wealth board saw an opportunity to exert political and staff pressure on local banks through the federal legislation governing community development lending, the Community Reinvestment Act (CRA).<sup>56</sup> That legislation, passed at the end of the 1970s, had the effect of pressuring banks seeking mergers or acquisitions to negotiate with local groups who could protest these to the Federal Reserve Board based on evidence that the banks were not servicing the communities their deposits came from. A Cleveland bank had proposed to buy Society Bank in Youngstown, and shortly Brian Corbin talked to Pat Rosenthal and Jim Callen at NOLS, and found that people from Common Wealth and other nonprofits were interested in a possible protest. They formed a coalition and began to research CRA's potentials and Society Bank's services and practices.

The Community Reinvestment Act began to provide occasion for community protest and bank response toward the end of the 1980s in many places. The problem it addressed -- bank "redlining" of poor and minority neighborhoods --was rooted in the long term attitudes and habits of bank managers and federal mortgage insurance programs, for whom it was easier to simply avoid loans in some areas, than make credit assessments in individual cases. The rallying cry of CRA activists was often something like "bankers only make loans to people who look like them."<sup>57</sup> With the racial distribution of bank employment at great variance from that of their depositors, it was an easy charge to make. And despite the oversimplifications in such charges,

many profitable loans could be made in minority neighborhoods, if banks could be convinced to do proper credit assessments.

This was an area where community development activists had an advantage in expertise and, with a little research, could be in a position to negotiate effectively with the banks. They had close acquaintance with their neighborhoods, and could indicate where profitable markets existed; where loan products could be improved so that both bank and neighborhood people would come out ahead. What was needed was for a sufficient number of community organizations and activists to begin exploiting the legislation, doing the necessary research, and negotiating effectively. This happened as the numbers of community organizations increased and they began to find, with federal dollars harder to come by, direct targets in the form of banks with cash. National umbrella organizations collected case studies and passed on knowledge from one place to another. Alan Fishbein at the Center for Community Change in Washington became an important source of expertise, consulted freely by community activists.<sup>58</sup>

When the possibility of entering a CRA negotiation with Society Bank arose, the Youngstown group researched this situation. They looked for a more thoroughgoing change than simply getting investment. They knew Youngstown banking practices were far from what was needed. Corbin said:

Before it was, when I first moved here and I was looking to buying a house, I had to have 20 percent down. That was it. That was the rule. It didn't matter who you were white, black, green, blue, male, female, married, single. You had to have 20 percent down.<sup>59</sup>

Facing these sorts of practices, they wanted a change in the culture of banking in the city. Corbin said:

We found that the typical resolution was that the bank gave money to agencies...we didn't want that. We wanted to change the culture, not just get grants. We wanted to open up access to banking services.<sup>60</sup>

They had a series of negotiating sessions, and finally the Cleveland bank that was acquiring Society hammered out a satisfactory agreement. They had quarterly meetings with the executive committee of the bank for two years to talk about the details of the banking products they were developing. Later, in 1990, the bank announced a new mortgage program, for five percent down payments, underwritten by Fannie Mae. The result, for Society Bank was they

captured the cream of the low income market. Our job was to open up information streams. First, we were listening very closely to our clients about their banking needs. Second, we helped the bank tap our community of clients. That really increased trust between us...<sup>61</sup>

The Youngstown CRA Coalition was flushed with its successful negotiation with Society, but it knew that they had only succeeded with a small bank. Society had three or four percent of the market in the area. Thus when, in 1991, another bank merger case arose, involving Dollar Bank in the nearby city of Warren, they saw a chance to extend their effort. Dollar had forty percent of the market and was the acknowledged leader. If they could crack that, the whole banking culture in the area would change.

But Dollar proved much more difficult. The Dollar management continued to stonewall the Coalition, until in July 1991 they were facing a deadline: either the Coalition filed a protest by August 1, or they would have to drop it. There was a good deal of discussion. Some Coalition members thought that, if they actually went through with the protest, they would lose credibility with the banks, on whom some relied for support. Callen recalled:

...we had some real tough discussions within our group because there were some that felt we couldn't afford to file anything, that that was just going to ruin whatever relationship we had with that bank and maybe others. <sup>62</sup>

The other side of it was, if they did not go through with the protest, they would lose credibility in another sense. Callen told them:

"As counsel, I can't recommend that you take their word that they're going to sign this. Once the time passes, you've got no leverage at all," so I was very much in favor of filing the protest...I just couldn't in good conscience advise them to let this deadline pass. <sup>63</sup>

By that time, the Federal Reserve was beginning to have many questions about Dollar Bank, and denied the acquisition. After that there was a change at the top in Dollar Bank, negotiations started again, and the Coalition got an agreement -- short lived it turned out, as Dollar was soon acquired by National City Bank in Cleveland. But the result was that the rest of the banking community -- and other parts of the Youngstown power structure -- took more notice of the community development group. Corbin reports:

After that, we got a lot of phone calls [from banks]...Some of them wanted to get agreements, others just wanted us to talk to them about the local market..

After the CRA protest, non-profits were recognized as developers. Society Bank and some others began to work well with them. For example, one bank loaned the [Common Wealth] Revolving Loan Fund a lot of money at a low interest so they could loan money to CHOICE.

So overall, the main change from the CRA protest seems to be that it opened up access to resources to the development non-profits. There were always charity non-profits - it was a

strong and recognized system. But after, with the revolving loan fund and CHOICE we had two new CDCs in place. There are two other CDCs, Alianza, which is a spinoff of OCCAA - a split between the Mexicans and Puerto Ricans, and Caritas Communities which the Diocese founded as a joint venture between Catholic Charities Housing Opportunities and the Humility of Mary Housing, Inc. to do low income housing and community development. Both of these CDCs benefitted directly from the CRA actions.

And:

I think the biggest outcome for that whole assessment was the acknowledgment that CDC's are important. So, CHOICE was able to get money from that. And another housing group called Jubilee, because of that action...So, that changed the world. At least they saw CDCs as serious business. That was a major structural change. <sup>64</sup>

Callen reported in a similar way:

...to me the most significant thing...that happened was that I think it was a message to the other banks, and I think it was a noticeable change in attitude. Mahoning National Bank, for example, called us wanting to talk, And it just seemed after that, that there were just more attention to CRA on the part of the banks and more of an interest to replicate some of the programs and provisions that we had in the Society Bank agreement -- homebuyer assistance programs -- among the banks that were not directly involved in it.

...I think it was a perceptible change in the community vis-a-vis a kind of power relationship -- the banks not so arrogant to the ... stores as they had been. ...the significance was that it changed, I think, and added to, the segment of the business community, the power structure...it had an impact on the news media. <sup>65</sup>

How far any change in attitudes by the banks went, was debatable. James Hollern, who took over control of Dollar Bank in the shakeup after the Federal Reserve denied their acquisition in August 1991, said the CRA negotiations produced in him an "epiphany" of understanding of the possibilities of doing business in minority neighborhoods. He said this to Callen, in a parking lot and out of general hearing, so that it seemed possibly sincere. <sup>66</sup> But the community development group was ambivalent about the result. Brian Corbin thought, "We didn't really reach our goal..." Pat Rosenthal was even less impressed. She had wanted to make an impact on the banking culture. She said:

No matter what we did, they won. They ended up hurting inner city banks. They realized they could use us to develop products. It wasn't very satisfying. I felt like a pimp. That's when I decided we should start a credit union. <sup>67</sup>

### Youngstown in the 1990s

From the vantage point of the end of the 1990s, the CRA protest of 1989-91 was a turning point for Common Wealth and for the city generally. It provided a situation where, not just Common Wealth, but a group of other nonprofits became vehicles providing affordable housing and other services; and also formed a voice advocating a set of community issues in the public forum. This can be seen in some of the public finance data, but also in the kinds of activities that got initiated and issues that were fought.

Housing Coalition Participation in Local Policy. Converse and Rosenthal began, at the start of the decade, participating in the development of local housing policy through the mechanisms provided through the 1989 Housing Act. This happened at about the same time as the series of CRA protests that occasioned the creation of the Coalition on Community Reinvestment. Converse and Rosenthal, now in contact with Garchar and others through the CRA Coalition, and aware of the provision of the 1989 federal housing act that required the creation of a "Comprehensive Housing Affordability Strategy" (CHAS), and allowed a set-aside of fifteen percent of federal housing moneys for nonprofits like CHOICE, volunteered a housing strategy position paper in September 1991 as a contribution to the city's strategy.

That paper, which reflected the extensive research on housing data and options that Converse and others had been doing over the previous several years, and an analysis of 192 properties that CHOICE had considered for purchase, argued for both changes in the city's role and for an augmented role for nonprofits. <sup>68</sup> The central argument, argued in 36 closely written pages with numerous attachments, was that with housing prices very low as a result of out-migration and job loss, the best strategy for serving the city's low income and elderly residents would be to support moderate rehabilitation in the \$8000 to \$15,000 range, and to favor those structures that would eventually become owned housing rather than permanent rental housing. The main vehicle for this would be the city's existing nonprofits: CHOICE, Interfaith Home Maintenance and Common Wealth as a technical assistance back-up for these and others that might emerge. By the authors' analysis, while an absentee landlord could take a subsidy and, with very modest investments, take a \$4000 profit out of the city each year, a neighborhood based nonprofit could, with the same subsidy, match or better the monthly cost to the tenant and create home ownership over a period of years. They proposed the city (a) support a community land trust model such as that used by CHOICE; (b) earmark a major portion of federal and other housing funds for community organizations; and (c) put in place a series of analytic and regulatory tools to support the operations of such organizations: analyze and measure their outputs as a condition for support, regulate city agencies' operations in the neighborhoods to protect homeowner investments (e.g. police patrols monitoring drug transactions); and monitor and regulate bank lending practices under the CRA rules.

The arguments of the report were then reflected in later city allocations of housing resources, particularly the Community Development Block Grant (CDBG) funds. CHOICE, Jubilee, and Janice Bolchak's Inter-Faith Home Maintenance all benefited.

Shifts in Service Delivery. Youngstown and Mahoning County, like other places, went through transitions in the ways they did service delivery through the 1980s and 1990s.<sup>69</sup> Some of this shows up in the data on local government spending and employment, where there was somewhat of a redistribution toward basic housekeeping functions like police, health and hospitals, judicial and finance administration, and public works functions, and away from welfare and education:<sup>70</sup>

Local Government Employment in Mahoning County, FTE

	<u>1982</u>	<u>1992</u>
Education and Welfare	4890	4633
Health, Hospitals	223	387
Public Works*	897	1019
Housing and Comm. Dev.	128	124
Police and Fire	776	806
Judicial, Finance/Administration	483	677
Other functions/discrepancies	<u>225</u>	<u>140</u>
Totals	7622	7780

\* Highways, Parks, Sewerage, Sanitation and Utilities

Aside from the fact that these local governments spend a much higher proportion of funds on welfare, health and hospitals than the U.S. average --probably to be expected given the employment and demographic shifts of the period -- the biggest change is the shift away from welfare and education functions. What is not shown in government employment figures is the shift of functions to the nonprofits outside of government.

In the case of Youngstown, one of the key transition points was the CRA protest led by Common Wealth and others. In 1998 George Garchar, the city planning director who had been an interested observer in the proceedings seven to nine years earlier ("the city has an interest," he had said then), said:



Over the past ten years, the nonprofits have played a greater role -- in particular in housing development in the city. A decade ago three or four new starts were normal. Now with tax credit projects, nonprofits are producing around 100 units per year. <sup>71</sup>

On other departments, nonprofits were facing a general squeeze along with government agencies. Brian Corbin, as an administrator with a wide brief as director of social action for Catholic Charities, found himself puzzled at how to conceptualize the situation:

Of course, there are pressures on the government to change service delivery, but the main effect is to try to get the nonprofits to coordinate and merge. So it is a double message. The government wants more collaboration, but the structure doesn't reward collaboration, because they haven't got money to give out, and this sends a message to compete.

And now with welfare reform, who has time to collaborate? How do you collaborate on a soup kitchen? The government people get elected with this rhetoric, but they haven't thought it through. <sup>72</sup>

But there was an increase in the number of nonprofits in the welfare and health fields. Some of this is indicated in United Way and other charitable grants records; according to Human Services Director Delores Crawford there has been a great increase in the numbers of nonprofits seeking United Way funding:

It was almost entrepreneurial. People got downsized, and created their own nonprofits. And then they could be CEOs.

The United Way had many new requests for new programs. And they all had relatively higher administrative costs, because the people doing them had more training and could get higher salaries. And you had to be certified in many of these areas. We had programs for spousal abuse, juvenile diversion programs... Things the old traditional United Way organizations weren't qualified to do.

It seemed to Crawford that two things came together to cause this shift. On the one hand there was the available entrepreneurial manpower. But there was also a quest for new approaches:

Also the foundations and government grantspeople wanted something new. There was a new generation of professionals. The whole system just kind of mushroomed. <sup>73</sup>

Thus the changes in delivery of affordable housing, suggested by Garchar and others, were paralleled in other nonprofits.

Committee on Crime and Government. Throughout the 1980s, Youngstown's local governments had been infiltrated by -- and in some respects paralyzed by --the organized crime "families" that had operated prostitution and gambling for decades, and had turned to drugs, impacting the inner city neighborhoods particularly hard in the wake of the steel mill closings. Reflecting back, community development people could see this as a problem that impacted their work directly and indirectly.

The direct effect was that drugs and violent crime were destructive to their neighborhood revitalization efforts. CHOICE, which had come out of a neighborhood effort to combat street crime and prostitution by south side residents, continually faced this endemic menace.

At a deeper level, the presence of organized crime compromised government, and peoples' faith that government could be an instrument in their interest. When CHOICE built its tax credit houses in the early 1990s, the south side neighborhood suddenly had the appearance of dramatic upgrading, with a contrasting, new house or two on many blocks. But the neighborhood was still at serious risk. What had been most prominent in the south side neighborhoods was the incidence of "crack houses," whose appearance next door could result in a family moving out soon after. Residents needed the city's cooperation to close these when they appeared and fortunately, for a decade in the 1980s and 1990s the city police chief made it his mission to be incorruptible fighting criminal elements. But CHOICE people knew they were just one government official away from a force that could, by turning a blind eye, destroy their decade of effort to revive their neighborhood.<sup>74</sup>

The debilitating effect of the penetration of organized crime into governments of the area began to see a countervailing force when, in 1982 a group of academics, lawyers, business and religious leaders formed The Citizens League of Greater Youngstown. Their purpose was to "monitor and evaluate the operations of local governments," get a new group of leaders to run for office, in part by evaluating and supporting candidates; and by "Uncoupling local public officials, public programs and public funds from organized crime figures."<sup>75</sup> The League held community forums, created a venue for academics to begin to analyze the roots of crime and corruption in city and county governments, and pressed the federal government to take a role. In 1984 James Callen, one of the co-founders, testified before the Senate Permanent Committee on Investigations, presenting a summary of evidence of the presence of organized crime figures in Youngstown and of the infiltration of local government, arguing that local and state action was inadequate, and only a sustained federal presence could make a difference.<sup>76</sup> Newly elected Mayor Pat Ungaro followed with supporting testimony.<sup>77</sup> By the 1990s there were federal and state investigations of many government officials and organized crime figures. There were two dozen or more indictments by 1998, including a number of government officials. The League and Ungaro were having an effect.<sup>78</sup>

The effect that would be most helpful to the community development group around Common Wealth would be abatement of the crime and drug culture that was debilitating the inner city neighborhoods; and city government officials becoming more openly supportive of the efforts of nonprofits. As for direct regulation of crime, the situation seemed unresolved.

As for government support, one could see some headway being made. There were a number of competent young administrators in city and county governments with whom Common Wealth and other nonprofits had made effective working relationships. Political parties were "clean" to a greater extent, and candidates less compromised.

Common Wealth and Tax Credit Housing Projects. By the middle 1990s, Converse had helped CHOICE develop the capacity to acquire, contract and complete rehabs. But CHOICE had not tapped one important source of financing -- tax credit syndications, that were a potential source of funds for new home construction within the inner city.<sup>79</sup> They were forced to consider this funding in 1994 when the city Community Development Agency awarded HOME funds for acquisition of property for a tax credit project. CHOICE staff thought that scattered site development of new homes would benefit these neighborhoods; and it saw the chance for CHOICE and others to make enough from developer fees to give it a measure of financial stability. Rosenthal initially resisted the idea when broached by CHOICE staff members. At a meeting of the Housing Advisory Committee, she recalls,

...I questioned the need for new housing when there was already an ample stock of older housing which CHOICE was successfully rehabbing. But Edna Pincham, the Assistant to the Mayor and African American, said "Look, our people need new homes too. It's a symbol of hope that the African American Community needs.' That was a clarifying moment for me.<sup>80</sup>

CHOICE's first LIHTC project was in the Southside neighborhood, with Common Wealth as its main consultant. The result was thirty new houses plus ten rehabs, spread through the neighborhood, one or two on each block. Later, in 1997-98, CHOICE II was underway, thirty-nine new units.

Common Wealth then sponsored more tax credit financed houses in Campbell, a small city just across the Mahoning River to the East of Youngstown; Campbell Commons I was thirty new units in 1997-98; and Campbell Commons II projected forty more in 1999. In the spring of 1999, Common Wealth applied for financing that would result in 54 units of elderly housing and 16 rehabs of historic worker housing, all in Campbell; and another 30 new units in East Liverpool. By 1999 Common Wealth and CHOICE had constructed or gotten funding for a total of 169 new units, plus the 46 rehabs it and CHOICE had provided; and there were applications pending for another 82 new units and 16 rehabs. The total could be over 300 units soon after 1999.<sup>81</sup>

Final Reckoning. By the end of the decade Common Wealth was a different institution from its inception with the failed steel mill buyout effort of the late 1970s, and from the CDC which Rosenthal and her allies at NOLS and the Social Action Department had set out to create in 1985. The employee buyouts that had seemed so promising a path toward community development at the beginning of the 1980s had settled into a still challenging, if not forlorn, hope two decades

later, and were not a prominent part of Common Wealth's daily concerns. The community land trust movement as well, while flourishing in places like Burlington VT, was fighting the gap between costs and incomes of the people it was aimed at. CHOICE was operating as a rental management agent for its houses, and lease-purchase arrangements toward eventual home ownership within the CHOICE land trust were not a prominent feature.

But Common Wealth, while it had failed at those two aims, had --miraculously, perhaps -- survived with at least some of its mission. It had sustained a crisis over its direction at the end of the 1980s; Lynd and Budak, while critical, remained friendly, if disengaged. Common Wealth was building affordable housing. It had been the catalyst to an at least modest growth of nonprofits generally in the area, and had changed the climate of government and banker opinion toward them. And, while it supported itself building houses for sale, and some of its key personnel were mainly pragmatic business school people rather than big scale advocates of social change, as a group they maintained a faith in workers controlling their work, and the residents of Youngstown neighborhoods controlling their territories.

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- <sup>1</sup> I am indebted for the cooperation and assistance from many of the subjects of this study, particularly Jim Converse and Pat Rosenthal, but also their numerous associates and others who were part of the history of community response to issues going back to the plant closings of the 1970s. Another source of help was the effort of a group of graduate and undergraduate students who participated in field trips and a series of some twenty interviews in Youngstown in February and May, 1998: David Diaz, Amy Guptil, James Barbat, Michelle Perales, Jose Nerio, and Amanda Yelin. Their class project contributed substantially to my own effort.
- <sup>2</sup> Donna Ducharme 1990. Planned manufacturing districts: how a community initiative became city policy. In Harold Washington and the Neighborhoods, edited by P. Clavel and Wim Wiewel. New Brunswick, NJ: Rutgers University Press.
- <sup>2</sup> P. Clavel and N. Kleniewski, "Space for Progressive Local Policy: Examples from the United States and the United Kingdom," in J. Logan and T. Swanstrom, eds., Beyond the City Limits, pp. 199-234.
- <sup>4</sup> David Perry, writing about Buffalo, presents many of the essentials of the "rustbelt" city profile. See David C. Perry, Robert Kraushaar, Jon Lines and Ellen Parker, "Ending Regional Dependency: Economic Development Policy for Distressed Regions." Department of Environmental Design and Planning, State University of New York at Buffalo, 1986. See also the political-economic analysis of Ann Markusen, Regions: The Economics and Politics of Territory. Totowa, NJ: Rowman and Littlefield, 1987.
- <sup>5</sup> Richard Edwards, Contested Terrain: The Transformation of the Workplace in the Twentieth Century. New York: Basic Books, 1979.
- <sup>6</sup> Perry, et al., op. cit.
- <sup>7</sup> On elites losing local interest, the classic early statement is R. Schulze, "The Bifurcation of Power in a Satellite City," in M. Janowitz, ed., Community Political Systems. New York: Free Press, 1961. On the services state, see Stephen L. Elkin, "Cities Without Power: The Transformation of American Urban Regimes." In D. Ashford, ed., National Resources and Urban Policy. New York: Methuen, 1980.
- <sup>8</sup> Michael J. Piore and Charles Sabel, The Second Industrial Divide. New York, Basic Books, 1984. Eileen Appelbaum and Rosemary Batt, The New American Workplace: Transforming Work Systems in the United States. Ithaca, NY: Cornell University Press, 1994.

- <sup>9</sup> Markusen made these remarks at an address to the Southern Tier Regional Economic Council, April 1986. See also a working paper: A. Markusen, "From Theory to Planning Praxis and Back: Illustrations from Steel Communities." Center for Urban Affairs and Policy Research, Northwestern University, October 1, 1985.
- <sup>10</sup> Piore and Sabel *op cit.* There is also the question of the availability of entrepreneurship. Mary Jean Bowman and Dudley Plunkett made a statement on this in the 1960s:
- <sup>11</sup> Matthew Drennan, in a personal communication, provides these data from Census and BEA employment and personal income data for the Youngstown-Warren two-county metropolitan area:

	<u>1969</u>	<u>1979</u>	<u>1989</u>	<u>1993</u>
Total Personal Income	2358263	5619478	9233892	10963957
Population (000)	640.4	644.2	604.3	605.3
PCPI *	3683	8723	15280	18113
PCPI - US	3440	8387	15923	18983
Earnings	1948061	4327842	6150773	7182009
GPD **	1135221	2525930	2881267	3116981
PS	93289	223457	472245	652242
TNEMP	23460	26910	36129	40134
GPD/Earnings	.583	.584	.468	.434
GPD/Earnings - US	.345	.349	.296	.236
Employment/Population	.407	.433	.456	.463
Empl/Pop. - US	.434	.493	.540	.547

\* PCPI = Per capita personal income

\*\* GPD = personal income generated by goods production and distribution (manufacturing, mining, wholesale trade, rail water and truck transportation).

- <sup>12</sup> Staughton Lynd, The Fight Against Shutdowns: Youngstown's Steel Mill Closings. San Pedro, CA: Singlejack Books, 1983. Thomas G. Fuechtmann, Steeple and Stacks: Religion and Steel Crisis in Youngstown. Cambridge: Cambridge University Press, 1989.
- <sup>13</sup> Fuechtmann, p. 33.
- <sup>14</sup> Fuechtmann, p. 261.
- <sup>15</sup> Some accounts indicate a lessening of Youngstown unemployment rates through the 1980s, though still at high levels. I take the fifteen percent figure from Census of Population counts

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of the portion of the civilian labor force that is unemployed. This remained above 15 percent from the 1980 to the 1990 census.

- <sup>16</sup> Source for housing prices, median family income in County and City Data Book, 1970, 1980, 1990. I calculated dollar figures as 1982-84 dollars, using the Consumer Price Index for all items, as provided by the Bureau of Labor Statistics and reported in the Survey of Current Business, various years.
- <sup>17</sup> Source: U.S. Department of Commerce, Bureau of the Census. County and City Data Book, 1994, 1987, 1977.
- <sup>18</sup> One gets this from a survey of Nexis article reprints. Headlines were such as these: "High-Tech Steel Plant Sprouts in Ohio; In Heart of Rust Bowl, Timken Co. Bets \$500 million on Future (Washington Post, June 24, 1984); "Tales of the Economic Recovery" (New York Times, September 4, 1983); "New Jobs Developing in Old Industrial Areas" (New York Times, May 21, 1983); and "Youngstown's Vital Signs Encouraging After Plant Shutdown; Youngstown Didn't Die, after All, when Steel Plant Shut Down" (Washington Post, November 19, 1978).
- <sup>19</sup> Barnet Wolf, "City of Youngstown Always Struggling to Stay on its Feet." Columbus Dispatch, March 31, 1996.
- <sup>20</sup> Associated Press, "Youngstown Learns to Live Without Steel, but it's Grim." Los Angeles Times, August 23, 1987.
- <sup>21</sup> Op. cit., note 14 above.
- <sup>22</sup> Interview, Richard Speicher, November 2, 1996.
- <sup>23</sup> Fuechtmann reviews these attitudes, op. cit., pp. 175-186. See also Lynd, pp. 63ff.
- <sup>24</sup> Still the best general source on organized crime in Youngstown is the Senate hearings record: United States Senate, Profile of Organized Crime: Great Lakes Region. Hearings before the Permanent Subcommittee on Investigations, Ninety-eighth Congress, second session. January 25, 26, 31 and February 1, 1984. Washington: U.S. Government Printing Office, 1984.
- <sup>25</sup> Dan Cook, "Man linked to mob by FBI aids airline chief's venture: Proposed plane engine factory sparks debate in Youngstown." Akron Beacon Journal, February 26, 1984.
- <sup>26</sup> Pittsburgh Post-Gazette, December 7, 1997. p. C-1. Bill Heltzel, "Mob Rule in Youngstown: Does 'Crimetown USA' Still Apply?"
- <sup>27</sup> Interview, Pat Ungaro, February 13, 1998

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- <sup>28</sup> Patricia Meade, "Strollo Racketeering Case - Prosecutor: 4 were targeted, spared" Youngstown, OH Vindicator, November 5, 1998.
- <sup>29</sup> Interview, Pat Rosenthal, June 13, 1995
- <sup>30</sup> Staughton Lynd, "The View from Steel Country." Democracy, Summer 1983, pp. 21-33.
- <sup>31</sup> One of the best sources on developments through the beginning of the 1980s is William Foote Whyte, et al., Worker Participation and Ownership: Cooperative Strategies for Strengthening Local Economies. Ithaca, NY: ILR Press, 1983.
- <sup>32</sup> Feuchtman, op. cit. gives an account of Alperovitz' approach to the Coalition; p. 92 and passim.
- <sup>33</sup> Interview, Karen Briggs, June 13, 1995.
- <sup>34</sup> Interview, Pat Rosenthal, June 13, 1995.
- <sup>35</sup> Briggs, loc. cit.
- <sup>36</sup> Interview, Pat Rosenthal, May 21, 1998.
- <sup>37</sup> Interview, Brian Corbin, June 13, 1995.
- <sup>38</sup> According to Corbin, Schramm's report was a catalyst. Schramm, who was a central figure in many of the debates at the time, was not flamboyant, and the report confines itself to pragmatic organizational issues. See Richard Schramm, "The Campaign for Human Development Economic Development Programs, 1977-1987." Medford, MA: Tufts University Center for Management and Community Development, January 1988.
- <sup>39</sup> Corbin, June 13, 1995.
- <sup>40</sup> Interview, Pat Rosenthal, November 1, 1998.
- <sup>41</sup> Jim Converse, Interview, June 12, 1995.
- <sup>42</sup> Interview, Pat Rosenthal, June 13, 1995.
- <sup>43</sup> Interview, Tony Budak, June 12, 1995
- <sup>44</sup> Interview, Brian Corbin, June 13, 1995.
- <sup>45</sup> See John Logue, "Rustbelt Buyouts: Why Ohio Leads in Worker Ownership." Dollars and Sense, No. 219 (September-October 1998), pp. 34-37.]



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- <sup>46</sup> Draft paper headed: Campaign for Human Development Economic Development Project: Concept Paper. Dated 87/10/06. 5pp. No author cited.
- <sup>47</sup> Interview, Jim Converse, December 13, 1998.
- <sup>48</sup> Edward Ploysongsang, The C.H.O.I.C.E. Land Trust of Youngstown, Ohio: Increasing Public Participation. Unpublished MRP Thesis, Cornell University, August 1995. Cite is at page 54.
- <sup>49</sup> Ploysongsang, op. cit.
- <sup>50</sup> Ploysongsang, op. cit.
- <sup>51</sup> Interview by Edward Ploysongsang, 1995], p. 13.
- <sup>52</sup> Interview, Pat Rosenthal, June 13, 1995.
- <sup>53</sup> Interview, Jim Converse, June 12, 1995.
- <sup>54</sup> Interview, Jim Converse, June 12, 1995. John Logue comments that:

In addition to the loan Jim mentions, CW's RLF has done three loans subsequently to H.C. Nutting, a 60% ESOP consulting engineering company, to buy new equipment, and a loan to the West Akron coop market, a consumer coop. There is an interlock between our Center and the CW RLF board in the person of Karen Thomas, our Asso. Director, who is also on the RLF board. [ John Logue, personal communication, May 11, 1998.]

- <sup>55</sup> Interview, Staughton Lynd, June 14, 1995. Logue adds:

Why was CW's coop focus not the success we had hoped? Frankly I think the simple answer is that CW's catchment area was simply not big enough for a focus on worker coops or democratic ESOPs of the sort that you quote Staughton espousing: there weren't enough deals. The only way to get the business flow was for CW to fund co-op start ups, and I think that would require at least \$100,000 annually in staff time plus a couple of million in the RLF. That was simply beyond CW's resources. Now that CW has the housing base covering its costs and has established its bonafides, a small consumer/worker co-op effort piggybacking on CW's housing work might be successful.

John Logue, personal communication, May 11, 1998.

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- <sup>56</sup> For background on CRA protest and progress in the 1980s see Gregory D. Squires, ed., From Redlining to Reinvestment: Community Responses to Urban Disinvestment. Philadelphia: Temple University Press, 1992.
- <sup>57</sup> For example, comments by Anne Peterson on the experience of CRA protests in Syracuse, before a meeting organized by an Ithaca, NY CRA protest group, 1995.
- <sup>58</sup> According to Rosenthal and others, he was helpful in the Youngstown case. Interview, May 21, 1998. In many places, particularly larger cities, banks slowly got the message that there was a market in minority neighborhoods. They appointed "CRA Officers" whose job was to ensure compliance but, more fundamentally, they saw that CRA was just a business thing. Possibly they could make a profit on it through careful attention to personal credit histories. If not they could simply use it as a federally mandated loss leader, implicitly raising the rates on other customers. So long as other banks had to follow the same rules they would not be hurt. The typical practice, though, was not so constructive. Instead of changing their loan practices, many banks simply contributed capital to community development institutions. If this were done pursuant to a CRA agreement negotiated with community people, their merger or acquisition might be approved by the regulatory agency, and they could proceed with business as usual. Some banks went so far as to create their own "Bank CDCs" to use CRA contributions under their own control.
- <sup>59</sup> Interview, Brian Corbin, February 13, 1998.
- <sup>60</sup> Interview, Brian Corbin, May 21, 1998.
- <sup>61</sup> Interview, Brian Corbin, May 21, 1998.
- <sup>62</sup> Interview, James Callen, May 21, 1998.
- <sup>63</sup> Interview, James Callen, May 21, 1998.
- <sup>64</sup> Interview, Corbin, February 13, 1998.
- <sup>65</sup> Interview, James Callen, May 21, 1998.
- <sup>66</sup> Interview, James Callen, May 21, 1998.
- <sup>67</sup> Interview, Pat Rosenthal, May 21, 1998.
- <sup>68</sup> Pat Rosenthal and James Converse, "Low-Income Housing Development in Youngstown: A View of the Challenges. A Position Paper Prepared for the Youngstown CHAS Committee. September, 1991. 36pp. ms.

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- <sup>69</sup> The now classic general account is that of David Osborne and Ted Gaebler, Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector. Reading, MA: Addison-Wesley, 1992. On Youngstown, see D. Crawford, et al., Youngstown: State of the City. Youngstown, OH: Center for Urban Studies, Youngstown State University, 1995.
- <sup>70</sup> The figures come from the 1992 and 1982 Census of Governments. The full cites are: U.S. Department of Commerce, Bureau of the Census, 1992 Census of Governments, Vol. 3, Number 2, Compendium of Public Employment, Table 18: "Local Government Employment and Payrolls in Individual County Areas: October 1992; and 1982 Census of Governments, Vol. 3, Number 1, Employment of Major Local Governments, Table 14: "Local Government and Payrolls in Individual County Areas: October 1982"
- <sup>71</sup> George Garchar, telephone conversation, 1 Dec 98
- <sup>72</sup> Brian Corbin, telephone conversation, December 3, 1998.
- <sup>73</sup> Delores Crawford, Interview, December 11, 1998.
- <sup>74</sup> This was brought home to me in a conversation with Jim Converse, in a tour showing me the dramatic impact of the new tax credit houses, on a visit to Youngstown in November 1996. But all it would take was for one or two adjacent houses to become a site for drug distribution, and CHOICE would not be able to recoup its investment. The precariousness of the neighborhood and its fight to push prostitutes and addicts away from its houses was also noted in an interview with Father Edward Noga, February 13, 1998.
- <sup>75</sup> Text of address, Citizens' League of Greater Youngstown, Nov 11, 1982. No author cited.
- <sup>76</sup> James B. Callen, "Statement...", in Profile of Organized Crime, pp. 349-377.
- <sup>77</sup> Patrick Ungaro, "Testimony", in Profile of Organized Crime, pp. 108-116.
- <sup>78</sup> News accounts were citing as many as two to three dozen indictments by the end of 1998. A 1997 account noted:

The Cleveland FBI has asked Washington to increase staffing in the Youngstown office from 16 agents to 20.

"When I was elected in 1984, I went to Washington and testified...", Youngstown Mayor Pat Ungaro said. "I said, we need more of a federal presence. Fourteen years later, we're getting it. It's going to be rough and there's going to be more bad news, but it's going to be healthy in the long run."

Bill Heltzel, "Mob Rule in Youngstown..."

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<sup>79</sup> The low income housing tax credit (LIHTC) was created by the federal 1986 Tax Reform Act, and provided that corporations and individuals could get a dollar-for-dollar reduction in federal taxes for investment in low income rental (later owners occupied) housing. Usually the contributions were not given directly to developers like Common Wealth, but to “intermediaries”, some of which like the Local Initiatives Support Corporation (LISC) had been promoting corporate contributions for low income housing prior to the 1986 Act. By 1991 there were \$3 billion per year available for such housing construction and rehabs, of which ten percent had to be set aside for non-profit developers. See Jane Blumenfeld, “The Low Income Housing Tax Credit: How it Can Be Used By Non-Profit Developers.” Shelterforce, November/December 1991, pp. 6-10.

<sup>80</sup> Rosenthal, March 19, 1999.

<sup>81</sup> Rosenthal, March 25, 1999.