Confronting the Big Australian

— Wollongong response to the steel cuts

--- Mike Donaldson

In August 1982, in the face of mounting unemployment in the Wollongong region, community workers from the City Council and the Wollongong Workers’ Research Centre convened a meeting which established the Committee on Employment (COE) covering Wollongong, Shellharbour and Kiama. The first meeting of COE was attended by sixty people representing thirty community organisations including local welfare centres, environmental groups, Aboriginal representatives, the Communist Party of Australia and various charitable organisations.

The major impetus behind the committee was a proposal from the Wollongong City Council to establish a local development corporation to generate work in the region using the Hunter Development Board as a model for the Wollongong corporation.

Community and labor movement activists, while realising the potential of such an organisation were concerned that it be not dominated by local business interests. The corporation was formally established on September 10. A board of about 20 was set up: 40 percent from industry and commerce, 20 percent from the trade union movement, 20 percent from COE, and 20 percent from local, federal and state governments.

The following article is based on a discussion paper drafted and circulated by a working group of the Wollongong Committee on Employment.

It outlines the problems being confronted by the Wollongong region (and, by implication, by other heavily industrialised regions), and also suggests ways in which community and union activists can confront the spectre of unemployment.

— Mike Donaldson for the ALR Collective.
The Wollongong region is in the grip of a devastating economic and social crisis. Since the 1970s, the district has experienced among the highest rates of unemployment in New South Wales and, since April 1981, the longest duration of unemployment for people registered with the Commonwealth Employment Service (CES). The number of new registrations has more than doubled, while the number of vacancies notified to the CES has dropped dramatically. People are now talking about an "official" unemployment rate of 12 percent for the district. However, following the recent spate of closures of manufacturing establishments, and with the next lot of school-leavers ready to join the workforce in the next few months, it is likely that unemployment will hit around 20 percent by December.

At a recent National Unemployment Conference, Professor Bob Gregory of the Australian National University suggested that real unemployment in the region might already be around 18-19 percent at a conservative estimate. That is, already there are nearly one in five people who would like to work but who cannot obtain it. If the official figure soars as projected, then we will be facing a situation where real unemployment will approach one in three of the district's workforce.

Why is this happening in Wollongong? Coal and steel dominate the district. Coal mining provides employment for nearly six percent of the workforce compared with a national figure of just over one percent. The steel industry provides jobs for more than a quarter of the district's workers — nearly two-thirds of the total employed in manufacturing.

The crisis intensified with 216 retrenchments at two British Petroleum-owned coal mines, and the announcement of plans by BHP (owner of the AI&S Steelworks at Port Kembla) to reduce its national steel industry workforce by 10,000-15,000.

The district has above the average number of skilled tradespeople such as metalworkers and electricians. It is, however, under-represented in professional and supervisory "white collar" occupations. The district is severely under-serviced in public transport, health care, sewerage and public entertainment facilities. The public sector provides only about half the rate of employment opportunities in Wollongong that it provides nationally.

The proportion of service sector workers in the Wollongong district was 55.7 percent in 1976 — low compared with the national figure of 72.1 percent. This can, in part, be explained by the dominance of mining and manufacturing activities in the area and the fact that control of industry is vested in a few very large firms, such as BHP, with control functions (managerial, administrative, research, clerical) centralised in Sydney, Melbourne or London. Other explanations lie with the low level of public sector employment relative to other major cities, the job-displacing technology being introduced in the banking, finance, wholesale and retail industries, and the difficulty of transferring skills from basic manufacturing.

BHP's town

Apart from the AI&S steelworks, BHP owns or controls several other important local firms — Lysaghts, Comsteel, Tubemakers, Titan and AIR — and 50 percent of the district's collieries. There are many other firms linked to BHP through supply or contractual arrangements. With this level of dominance, it is obvious that BHP's investment decisions have a very great impact on regional employment levels. BHP's dominance is both politically and economically important. Since the steel industry started in the district in 1928, the area has depended on the fortunes of this industry — and nothing much has been done to lessen this dependence.

The 1970s saw a considerable restructuring and rationalisation of industries on a world scale. Federal and state governments since the mid-1970s have accepted an economic role for Australia as a provider of natural resources and energy for the Pacific Rim countries...
while allowing "traditional" manufacturing industries to decline.

As capital shifted to energy and minerals in search of greater returns, two major customers of the local steel industry — shipbuilding and car manufacturing — were allowed to collapse or contract considerably, in line with restructuring policies. BHP's pursuit of this strategy seems proven by its diversification into oil and gas production, mineral exports and, most recently, by its attempt to enter aluminium production.

However, after several years of not investing in its steel division, over the last two years BHP has invested more than $650 million in updating its steelworks, particularly at Port Kembla and Whyalla. This investment came after BHP won unique concessions in 1981 from the federal government, with a very generous depreciation allowance on top of the general investment allowances which have operated since 1976. One of BHP's most persuasive arguments to obtain these allowances was the threat of unemployment in the steel regions. BHP used unemployment as an argument for increased government assistance. BHP is currently using the same argument to obtain assistance via quotas on imported steel or tariff protection.

However, it is not the case that more (government-encouraged) investment will mean more jobs. BHP investment is labor-replacing: the greater the capital investment, the fewer the jobs. This is also true for other industries in Wollongong: to encourage collieries, finance companies and retailers to reinvest in the district is one thing, but to encourage them to invest in ways that will create (rather than destroy) jobs is another.

This means that the Wollongong district is faced with a massive loss of jobs both in steel and associated industries, as well as the retail and other service industries that depend on steelworkers' and miners' incomes.

Who are unemployed?

Unemployment particularly affects the young, women, unskilled workers and migrants. In a region built around male-oriented industries, female unemployment has always been a major problem. Because "women's jobs" have always been scarce, there is a low participation of women in the workforce. This means that many women do not, or — in the case of married women — cannot, register as unemployed. This contributes to concealed unemployment, estimated to be significant among women. Institutional changes and population increases, bringing about an increased participation of women in the labor force, were not matched by an ability of the local economy to absorb the increase, despite increased jobs for women overall. In 1977 it was argued that this was why female unemployment remained at the high level of 30 percent.

Increasingly, older workers, particularly those over 45, are becoming unemployed. "Voluntary retirement" is aimed at this group which is least likely to be given jobs should alternatives become available.
Income support

Individual unemployed people and their families have been left in increasing poverty. Unemployment benefits were originally designed as a kind of short-term bridging finance but the lengthening duration of unemployment has meant that such an assumption is outdated.

The unemployed have been increasingly discriminated against compared with other pensioners, with their real standards of living deteriorating even further below the poverty line. In particular, the plight of the single unemployed person is ignored since their benefit is not indexed. Prior to the August budget increases which will be paid from November 1982. The adult benefit was $58.10 per week, some $16.05 below other single pensions, and some $33 below the poverty line. (The poverty line is $91.10 for a single person.) Unemployed young people are worse off again. Their benefit was $36 per week, unchanged since 1975. Prices have risen by over 98 percent since then, with their income slipping some $38 behind other single pensioners, and $55 below the poverty line.

This gross discrimination against the single unemployed affects 75 percent of persons on unemployment benefits and those single people on sickness benefits who are transferred from unemployment benefits.

Other forms of discrimination operate against all the unemployed. They cannot receive any fringe benefits, supplementary rent allowance, or guardian’s allowance available to other pensioners. Although difficult to estimate, these allowances could be worth up to $50 per week. The unemployed also face much more stringent income tests than other pensioners.

Prior to this present crisis it was estimated that 17 percent of the population of Wollongong, Shellharbour and Kiama lived below the official poverty line. In some suburbs the figure is 25 percent. An increasing proportion of people seeking emergency relief from agencies such as the Smith Family are receiving unemployment benefit.

Even those who have not lost their jobs are experiencing difficulty. Many workers are uncertain as to whether their job will be next to go. Workers who budgeted on receiving overtime or double shifts are finding themselves financially over-extended. Casual work appears to have decreased. Some workers in small firms are being asked to defer wages to save their jobs. Small businesses are experiencing a considerable drop in sales and income.

Responses elsewhere

Wollongong’s situation is not unique: similar crises have occurred, and are occurring in the United States, Canada, the United Kingdom, Europe and other parts of Australia. To reduce unemployment and revitalise urban areas, initiatives have already been taken in many of these places and the experience gained provides a valuable lead to the direction that should be taken here.

Over the past twenty years, the main approach to economic development of urban areas has relied on the private sector to restore the inner-city employment base. The aim has been to generate employment through policies which directly affect business costs and profits but which do not encroach on employee earnings, job security, working conditions or job control. Such policies assume that companies respond to measures aimed at reducing costs and increasing profitability and that, as a result, existing jobs will be retained, new jobs will be created and local workers and communities will benefit.

Urban renewal programs were implemented in the 1950s and 1960s in the United Kingdom, North America and parts of Europe. Although intended to help depressed inner-city communities, the programs were often used (by local authorities, developers and financial organisations) to “modernise” inner-city areas with new commercial and office development, forcing former residents to move to other areas without compensation. Despite the vast scale of some of the projects, there is little evidence suggesting that urban renewal has succeeded anywhere in terms of creating employment.
Renewal problems

In response to the problems created by urban renewal and the unrest of the 1960s, some projects were reoriented towards rebuilding (rather than removing) the inner-city economic and community base. Founded on the belief that government intervention would lead to revitalisation, governments in the UK, North America and Australia used a range of measures to make city areas more attractive for private firms.

The payment of capital subsidies towards buildings or provision of cheap land for selected development (usually manufacturing), reductions in taxes (particularly payroll tax), and reductions in service costs (gas, electricity, freight and communication) have been widely used with mixed success. Of these, reduction in taxes is probably the most significant.

Employment subsidy programs aim at encouraging employers to take on or retain existing employees. In the UK, employment subsidy programs have been widely used and include the Temporary Employment Subsidy (6 months subsidy payable to employers who deferred a redundancy of 10 or more workers), Youth Employment Subsidy (payable to employers who recruit young people under 20 unemployed for 6 months or more), Community Industry Program, Special Temporary Employment Program (project work for long-term unemployed persons 18 years and over), and the Temporary Short Time Working Compensation Scheme. Programs are also operated in Europe and New Zealand.

On balance, it seems that employment subsidy programs are beneficial in terms of retaining or creating jobs. The Manpower Services Commission in the UK estimated that, in late 1980, about half the total number of employment subsidy schemes represented a net increase in employment. The advantage of a subsidy program is that it can be directed to particular disadvantaged areas or groups, or to labor-intensive industries.

Employment subsidy programs have not been adopted in Australia because of the present federal government's "philosophical reservations" about job-creation schemes. The government is, instead, pursuing a policy of "fighting inflation first" in the belief that this will increase employment opportunities by strengthening economic activity. Increases in unemployment suggest that such a strategy is not effective and that measures which offer some reduction in the numbers unemployed and the length of time they spend in unemployment should be implemented.

Training schemes

Training schemes, including work experience programs and transitional education from school to work, aim to increase the "employability" of the workforce and are operated in most countries. While the programs may help selected people obtain new skills, they do nothing to help overall job availability. Unless accompanied by an increase in the number of jobs available, training schemes may only change positions of people in the unemployment queue, but do not reduce its length.

In the US, UK and Australia, business and technical assistance to new and to relocating firms is provided, generally through some form of agency, at the state, regional or local level. These agencies are usually public (e.g. the NSW Small Business Agency attached to the Department of Industrial Development and Decentralisation, or local authority departments) or quasi-public authorities (e.g. the regional enterprise agencies in Britain comprising representatives of industry, banks and unions and backed by larger local companies, or the Economic Development Corporation in the US.)

The construction of housing and other facilities was the major basis for the new town programs in the UK and US but not in Australia. Such schemes are highly capital-intensive, however, with little prospect of payback. A public works program (e.g. the RED scheme) provides employment but only on a short-term basis.
The provision of nursery factories has proved successful in some places. In past years, considerable attention has been given to the development of "science parks" as a way of attracting high-technology industry. However, a recent study in Britain found that new small high-technology companies do not need sophisticated factories in science parks, but small premises, often in old converted buildings, with easy tenancy terms. It was also found that few science parks are successful in real estate investment terms and that they have a low level of interaction with universities even when located close to them.

Support schemes

In the UK, schemes providing both space and supporting services to small firms have been implemented to encourage new ventures. The impetus for these schemes has come from local councils, local enterprise trusts, or the private sector (e.g. British Steel and the Clyde Workshops). The concept of an "innovation centre" has recently been put into practice in the city of Hull in Britain. The centre was set up by the local council to encourage and assist small firms, especially new ventures. For initial nominal charges, the centre makes available floor space, engineering staff and a well-equipped machine shop, electronics equipment, plastics machinery, operations support, technological advice and other sources of advice, education and help. Clients, when established, move out to commercial premises, some of which are also provided by the City Council.

In the UK, Europe, North America and, to a lesser extent, Australia, there is an array of programs available which have been used to encourage private firms to remain, locate or expand in areas of high urban unemployment. Frequently, some form of organisation or agency has been established to co-ordinate or implement these programs at the local or regional level.

Generally, the approach of all these organisations is to try to improve the conditions for private business in urban areas. This traditional approach, however, has had mixed results. Economic and unemployment problems in many inner urban areas remain and, in some cases, have worsened rather than improved. Several reasons have been put forward to explain this:

1. Insufficient resources have been allocated to development activities and those resources made available have either not been targeted to depressed or low income areas, or where targeting has been intended, it has been ignored.

2. The proliferation of organisations/agencies has meant that an increasing number of organisations is competing for the relatively small number of private sector jobs available.

3. Studies in the US have shown that private sector investment or location decisions are not really affected by financial incentives. Technology is, to some extent, reducing the significance of location while training programs tend to redistribute rather than increase employment.

4. Even when jobs have been created they have not always been stable or good ones and have not always gone to local residents. Unless a community or a development corporation gains some degree of ownership, or equity, in a firm (thereby ensuring some check on management decision-making) in return for financial or other assistance, jobs created may turn out to be short-lived, low-paid, poor quality and/or not directed towards local residents.

Given that private enterprise is about providing the best return on money invested, and that creating jobs is not a profitable activity, financial incentives would have to be very large before employers would consider relocating or expanding workplaces. It needs to be considered whether this is the best use of limited government resources. Moreover, relocation of firms frequently does not do much more than move jobs from one place to another — one area's gains are another's losses. Traditional approaches of promotion, financial and other incentives aimed at encouraging firms to relocate are subject to this criticism and, therefore, may be regarded...
as a waste of public money.

As it is increasingly being accepted that few firms wish to relocate and little footloose industry remains, a change of emphasis is occurring overseas — from attracting outside industry, to encouraging establishment and expansion of local firms and enterprises.

Non-planning approaches

The "non-planning" approach is based on the belief that there should be least possible interference in the market system. Whereas traditionalists argue that some government intervention is necessary to make inner-cities competitive with other areas to attract private firms, non-planning advocates argue that government intervention will not restore depressed areas and, therefore, expenditure of government resources in these areas is wasteful. Instead, it is argued, depressed areas should be allowed to die, and poor and unemployed residents should move to places where there are jobs.

"Enterprise zones" have been established in a number of cities in the UK and US in an attempt to attract private sector jobs to inner areas. An enterprise zone is an area with minimal (or zero) regulation, taxation, planning controls, wage and social security constraints and other government "interference". In four years, 11 zones have been established in Britain and some fairly extravagant claims have been made about the jobs that have been created. Enterprise zones offer a way of reducing public spending, creating a climate for further deregulation and decreasing government activity — an appealing alternative to a conservative government committed to private enterprise and the free market.

Community-based approaches

In recent years, governments have given much greater attention to community-based approaches to job creation and economic development but public sector financial support still remains far below that given to more traditional approaches.

The community approach believes that traditional incentives to private business are ineffective. Private capital is often not attracted to depressed areas because of the inability of firms to take into account social needs and social returns (e.g. from reduced welfare benefits through job creation) and the tendency to focus on returns to capital rather than jobs. Even when incentives do influence a particular firm, local workers and communities do not necessarily benefit because the jobs created are often poor, low-paid and offer little prospect of career advancement.

What is needed, therefore, is not a strengthening of private investment, but a restructuring of the local economy under a different system of control to ensure stable, career-structured, reasonably well-paid employment.

Free market "non-planning" approaches are also rejected since the operations of the market economy are the major cause of the problems in the first place. Instead, local or community control over local economic development is necessary to avoid exploitation and control of local residents through businesses owned by "outsiders".

As unemployment is usually concentrated where housing and building is old and often inadequate, health standards are low and local services are poor, the community approach advocates expansion of enterprises designed to improve these conditions and to create and democratically-control employment. Some of the mechanisms used at the community level to promote economic development are described below.

(1) Community Development Corporations (CDC)

These are non-profit, neighborhood-oriented organisations which, acting as locally-controlled development agencies, try to integrate community, economic and physical development.

CDCs aim to bring jobs, stability and political power to disadvantaged
Unemployment

communities. Many have been set up in the US, funded mainly by the federal government and foundation gifts/loans. These funds provide operating finance and venture capital and have enabled the establishment of a CDC legal centre, a business advisory firm, a training institute, a research centre and an advocacy organisation. The CDC boards are comprised mainly of community residents and are held accountable to local people (the CDC "members") through, for example, regular elections.

Urban CDCs usually serve neighborhoods of just over 100,000 people. However, they vary enormously in size and resources. One of the biggest is TELACU (The East Los Angeles Community Union) which has 300 full-time staff, undertakes investments for profit, operates neighborhood credit/banking services, provides technical assistance to local businesses, undertakes community planning, provides employment and training services, housing services, runs a food co-op, and sponsors cultural activities.

(2) Minority Venture Development

The last ten years has seen increasing assistance for the development of ethnic minority enterprises in the US, firstly, because evidence suggests that minority owners can provide more jobs for people of their ethnic group than other employers and, secondly, because they are more likely to locate their business in a minority community.

The Minority Enterprise Business (MESBIC) Organisations identify and assist new ventures while services are provided by CDCs and other community organisations. Funding comes from various federal and state government agencies and, once established, minority firms are given government preference when tendering for contracts.

As yet, few large-scale enterprises are totally-owned by minority groups in the US, but sufficient acquisitions of banks and other lending institutions, media (radio, TV, film, newspapers), and pharmaceutical firms have produced many jobs for low-income earners.

(3) Consumer and Producer (worker-owned) Co-operatives

(a) Community co-operatives have been formed in the US with some government and foundation assistance in areas which include: manufacturing, energy, recycling, food purchasing and distribution, gardening, park restoration/development and creation of "urban forests", housing rehabilitation and development.

The National Co-operative Bank was formed in the US in 1980 to assist community co-operatives. The bank provides special help to potential borrowers and clients ranging from solving initial establishment problems to actual operations assistance.

Special technical assistance agencies funded by federal, state and local money have also been set up to help community groups form organisations to undertake housing projects, training programs, etc.

Action to provide co-operatives has also been taken in Australia. Initiatives include: the establishment in 1981 of the Victorian Co-operative Development Program by the then State Ministry for Employment and Training. The program aims to establish self-sufficient co-operative business enterprises. At the present time, 19 co-operative business activities are either operating or being formed. The ministry has also funded a service infrastructure; the planned development by a number of local government authorities (e.g. Broken Hill) of Local Co-operative Development Agencies (LCDAs) similar to those in Britain where over 30 have been established in the last three years (working with some 500 new co-operatives). LCDAs provide essential technical expertise "on the spot" for local co-operative development. In 1978 the NSW government established a fund of $3 million in conjunction with an advisory team of personnel to help develop co-operatives (the Worker Co-operative Development Agency).
(b) Worker Ownership, that is workers buying or taking over a firm, is a recent phenomenon in the US and generally occurs where a large corporation decides to close or abandon an existing plant.

Generally, employees form a board of directors and hire managers to help them. US government money has been used to research possible ventures and government guarantees and subsidies may be obtained if the venture is proved to be feasible and non-government capital is available.

(4) Industrial conversion

This is usually an employee initiative, the most well-known example being the intervention campaigns by Lucas Aerospace workers in Britain. Unions at Lucas Aerospace, fighting massive layoffs and closed factories in the depressed British aerospace industry, drafted a “Corporate Plan” detailing 150 new, more socially-useful products which Lucas could develop instead of laying off workers.

In Britain, similar initiatives have followed in many industries such as machine tools, motorcars, power engineering and aerospace. The same approach is also being applied by joint union-community action group coalitions in several areas of Britain such as Tyneside, Coventry and the London Docklands.

It is difficult to evaluate community-based approaches since many institutions are new. Also, funding has been small compared with that for traditional approaches. However, fairly large job-creating developments have taken place and reasonable quality jobs have been created in economically-depressed areas. CDCs now tend to go into joint ventures with private entrepreneurs because of problems of finance and management experienced in some wholly-owned CDC enterprises. There is also the problem that some CDCs have not always remained accountable to the local community.

The importance of community based approaches is that they stress job quality, targeting of employment and benefits to local communities, worker and community involvement in development, the need for social costs and benefits to be taken into account in investment decisions, and the need for decentralised, non-bureaucratic and democratic structures.

Local responses in Wollongong

In March this year, Wollongong City Council began a program to look at ways of generating and preserving jobs in Wollongong. Some activities undertaken as part of this program include:

• an urban structure study (being carried out by a consultant team) to identify possible locations for new industrial and tourism developments among a range of other considerations;

• formulation of a tourism strategy;

• a study to identify firms linked with the steel industry and areas for possible product diversification;

• industrial promotion aimed at attracting industry to the area;

• a program to limit “escape spending” from the area and the development of a “buy locally” policy;

• a request for the reintroduction of the RED scheme.
On July 30, the council, recognising the seriousness of the situation regarding unemployment in the area and the need for a community response, convened a meeting of representatives of industry, government, unions and the community to establish a committee or corporation for employment generation.

A number of initiatives have been taken by the labor movement.
(a) the Federated Ironworkers Association (FIA) held a series of public meetings on the steel industry in several local centres and the Wollongong Town Hall. The union is also heavily involved in a campaign to prevent any further job losses in the industry;
(b) the South Coast Trades and Labor Council set up a special committee to discuss unemployment and job creation in the area and possible union action. The council also organised a two-day seminar on unemployment in September;
(c) the South Coast District of the Communist Party has been holding meetings between trade union militants and party activists from the national level of the CPA as well as from Newcastle. At the national level, discussions are being held between people from steel and coal districts throughout Australia.
(d) the Combined Pensioners Association of New South Wales held a rally at the Sydney Town Hall in August. The association launched a broadly-based Campaign for Social Justice which will focus on unemployment.

Much of the neighborly and family support of people forced into unemployment remains unreported. This support is essential in lessening the personal tragedy of losing a job and sharing the burden of decisions which need to be made at that time. Sharing excess home-grown vegetables, shopping trips and social activities can buffer the inevitable impacts of unemployment.

A number of locality-based projects have been initiated or proposed:
- bulk buying of food and other household items; community vegetable gardens; shared poultry ventures; contracting of maintenance and repair work on community buildings to local unemployed; local tool and workshop co-operatives for home repair and production; buying locally produced products or buying from local stores.

**Future directions**

In difficult times, people commonly withdraw into self-protection, or wait and hope that the government will do something, or something will change for the better. The current efforts to create jobs and provide income from alternative sources are inadequate, but to deny personal capacity to do something about unemployment, for whatever reason, is perhaps the greatest danger.

Without broad-based involvement in fighting unemployment and developing a co-ordinated response, the risk is that governments will restrict participation to "experts" and those whose experience of employment has been stable and rewarding. Implementation of proposals that are government and expert-generated often meet strong resistance because they are seen as yet another imposition promising, at best, limited success or failure. With restricted participation, details of the impact of the current situation and the effectiveness of proposals will be overlooked. Governments will be inadequately informed to take effective action and the ideas and energy of "non-experts" will likely be lost, particularly putting small-scale and local initiatives at risk or nipping them in the bud.

Those people who are particularly vulnerable, or traditionally excluded from employment, will possibly be ignored (particularly the young and the over-45-year-olds, the physically handicapped, Aborigines, women and migrant groups) and their needs discounted in subsequent job creation unless their views are actively solicited.

An opportunity to build an effective consensus or coalition on this critical issue
will be sacrificed and the region be further divided — between right and left, rich and poor, employed and unemployed, able-bodied and disabled — unless there is a positive commitment to building a representative body to develop a truly regional response.

Most economic decisions are made at national and international levels. The prospect of people from the Wollongong area having significant influence in these arenas is limited. Concerted local action, however, can begin to modify the way these decisions affect the region and initiate and support local endeavours which will be significant locally and form the basis of longer-term change in the economy.

A possible plan of action

The community needs to work out what programs it wants, how they should be run and who will run them, what funding is needed, how those resources can be obtained, what other movements/groups will give support, and how, and so on. The following are some of the things that should be considered:

1. A community-based approach to economic development rather than a total reliance on private capital.

People live in neighborhoods, not cities; it is in neighborhoods that people’s investment, emotional as well as economic, is situated. An economic development program must build on the determination of a neighborhood’s own residents to stay and make the community livable. Residents know their needs better than a private investor and also are more aware of the best way to satisfy those needs.

2. Small-scale initiatives

Small-scale initiatives tend to be more participatory and accessible to local residents and are more likely to have a commitment to the area and to reinvest funds locally. The council should:

- adopt a policy of promoting and assisting the development of small-scale and local initiatives;
- press for the location in the city of a permanent office for the Small Business Development Agency and the Worker Co-operative Development Agency, and
- join with local community organisations in a “partnership” to establish a Local Co-operative Development Agency (e.g. as in Blacktown, NSW).

3. Locally accountable development structures

The establishment of a local development structure such as a democratically-elected Community Development Corporation, with an entrepreneurial role, could help to build new resources that will strengthen the community internally and in its relations with the outside world. The corporation would be accountable to local people (its “members”) and any profits made ploughed back into community services or the development of new enterprises.

4. Community reinvestment

The revitalisation of the Wollongong community requires institutional changes which will reduce the outflow of community resources, be they capital, labor or consumer expenditures.

With respect to capital, at the present time a significant proportion of the money earned in this district is being invested outside the area. Community action against “redlining” in the US was an influential factor in the passing of the US Community Reinvestment Act which provides a legal mechanism for forcing accountability in local financial institutions.

To limit “redlining” in this district it is necessary to investigate how much capital is flowing out of the area and work for its redirection into housing loans here, and work with local government and other groups to demand a quid pro quo: a bank can hold public deposits and make a resulting profit, but only if they pledge to provide additional credit to areas which they are supposed to be serving.
Fast food chains and chain supermarkets also export capital from the area: profits, debt service and management costs are paid to headquarters rather than locally. Some of this leakage could be plugged if buildings were owned locally, management hired from local residents and supplies purchased locally.

(5) conditional financial assistance to private enterprise

The use of traditional financial and other incentives to attract or expand private business does not necessarily create jobs, and where jobs have been created they are not necessarily good jobs, or stable. As the offering of such incentives is a possibility in this area, it should be a condition that, in return, local authorities and state and federal governments negotiate agreements regarding employment and manpower training or a share in equity.

(6) quality of employment

There are two sides to economic development:

(1) the creation of new additional jobs

(2) the creation of better jobs — stable employment offering a reasonable wage, and work satisfaction through variety and a responsibility for decision-taking.

In working for these things, labor movement campaigns should be supported for:

- a reduction of working hours in existing industries, to share out the necessary work, but without a corresponding reduction in incomes, so that effective demand can be increased;
- a moratorium on job losses in the steel industry to spread the effect of the modernisation program over a longer period of time;
- a democratisation of power and an increased participatory role for workers in management decision-making.

(7) socially useful production

The aim should be to produce goods and services that are socially useful to the community. Enterprises such as solar energy generation and recycling are two areas that offer financial and environmental benefits and the potential of substantial job creation.

Support should be given to any proposals for alternative socially-useful products put forward by workers as a counter to management moves for closures and redundancies.

(8) co-operative/community/business education and training

There is an increasing recognition that education, both formal and informal, plays an important role in local development and that this role could be strengthened. Education and local development need to be linked; education and training programs without jobs at the end are a recipe for frustration and disillusionment.

The aim of education and local development must be the creation of more effective ways of improving the life chance and living conditions of urban residents who still live in what can only be called poverty.

To be effective, education programs must ensure that there is not a specific type of education for "disadvantaged people"; education for development must be education for all.

Similarly, education and training programs must relate to the community — its resources, needs and problems — and help people to alter their situation.

(9) continuous funding

It is essential that there is adequate and stable funding available. A Community Co-operative Bank or Venture Development Bank could provide capital to new ventures directly and indirectly via low interest guaranteed loans through commercial banks.